

Mr. BLACK: Committee on Claims. H. R. 12117. A bill for the relief of Annie I. Hissey; without amendment (Rept. No. 1653). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUTPHIN: A bill (H. R. 12700) to prohibit the deposit of refuse in navigable waters when navigation is endangered or waters are made injurious to health or sea food by such deposit, and for other purposes; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 12701) to require motor vehicles owned and officially used by the United States or the District of Columbia to bear a device indicating such ownership and official use; to the Committee on the District of Columbia.

By Mr. THOMASON: A bill (H. R. 12702) for the relief of former officers of the Philippine Scouts; to the Committee on Military Affairs.

By Mr. JAMES: A bill (H. R. 12703) to repeal the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," and for other purposes; to the Committee on Military Affairs.

#### MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the officers and members of the Andrews Dahill Post, No. 1531, Veterans of Foreign Wars, expressing their deepest regret and sympathy for the sudden death of Congressman E. E. Eslick; to the Committee on Memorials.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 12704) granting a pension to Annie Eliza McKown; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H. R. 12705) for the relief of the Washington Post Co.; to the Committee on Claims.

By Mr. BRUNNER: A bill (H. R. 12706) for the relief of James C. Shields; to the Committee on Naval Affairs.

By Mr. DOWELL: A bill (H. R. 12707) granting a pension to Katie White; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 12708) granting an increase of pension to Nancy A. Bortner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12709) granting an increase of pension to Adella Warner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12710) granting an increase of pension to Hannah A. Price; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12711) granting an increase of pension to Rebecca Brouse; to the Committee on Invalid Pensions.

By Mr. MORTON D. HULL: A bill (H. R. 12712) for the relief of Rex Eugene Bloss; to the Committee on Naval Affairs.

By Mr. McCORMACK: A bill (H. R. 12713) for the relief of George Luftman; to the Committee on Military Affairs.

By Mr. OLIVER of New York: A bill (H. R. 12714) for the relief of Mary A. Maher; to the Committee on Claims.

By Mrs. OWEN: A bill (H. R. 12715) granting a pension to Emma T. Porter; to the Committee on Invalid Pensions.

By Mr. STAFFORD: A bill (H. R. 12716) for the relief of Joseph W. Harley; to the Committee on Military Affairs.

By Mr. MILLARD: Joint resolution (H. J. Res. 437) authorizing the President of the United States to present the distinguished-service medal to Amelia Earhart Putnam; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8360. By Mr. ADKINS: Petition of citizens of Macon County, Ill., protesting against the passage of House bill

8759, or any other compulsory Sunday-observance legislation; to the Committee on the District of Columbia.

8361. By Mr. CRAIL: Petition of Los Angeles Printing Pressmen and Assistants' Union, No. 78, favoring a bond loan to be used in the opening up of employment on public works; to the Committee on Ways and Means.

8362. Also, petition of the Southern California Sector, Society of the First Division, American Expeditionary Forces, demanding that Congress adopt emergency-relief measures for the benefit of unemployment; to the Committee on Ways and Means.

8363. By Mr. KELLY of Pennsylvania: Petition of George Westinghouse Post, No. 230, American Legion, urging enactment of veterans' legislation; to the Committee on World War Veterans' Legislation.

8364. By Mr. KVALE: Petition of Duluth Engineers' Club, Duluth, Minn., indorsing the program of President Hoover as set out in the President's letter to Herbert S. Crocker; to the Committee on Public Buildings and Grounds.

8365. Also, petition of first district, Department of Minnesota, American Legion, urging repeal of eighteenth amendment; to the Committee on the Judiciary.

8366. By Mr. LINDSAY: Petition of Simon, Healey & Goldstein (Inc.), New York City, urging the reduction of Federal expenditures; to the Committee on Economy.

8367. Also, petition of the Steuben Society of America, New York City, opposing the passage of House bill 378, the Linthicum resolution; to the Committee on Foreign Affairs.

8368. By Mr. RUDD: Petition of Simon, Healey & Goldstein (Inc.), New York City, favoring reduction in Government expenditures; to the Committee on Appropriations.

8369. By Mr. TEMPLE: Petition of Anna Popeck, 125 East Chestnut Street, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8370. Also, petition of Catherine Hinebaugh, 580 Allison Avenue, Washington, Pa., requesting the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8371. By Mr. YATES: Petition of Mr. R. A. Guthrie, chief, Division No. 665, Brotherhood of Locomotive Engineers, Beardstown, Ill., urging passage of Senator COUZENS's bill, S. 2793, providing for the regulation of busses and trucks engaged in interstate transportation; to the Committee on Interstate and Foreign Commerce.

8372. By the SPEAKER: Petition of the Fifth Avenue Association, urging Congress to authorize the sale of light wines and beer; to the Committee on the Judiciary.

8373. Also, petition of the Fifth Avenue Association, urging Congress to pass additional economy measures providing for substantial Federal savings; to the Committee on Ways and Means.

## SENATE

SATURDAY, JUNE 18, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (H. R. 12445) to relieve destitution, broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

#### TAX ON ELECTRICAL ENERGY

Mr. ASHURST. Mr. President, I have received a letter from a gentleman whose opinions I highly value, requesting information as to what was my attitude, during the consideration of the tax bill, toward a tax on electrical energy and I have replied as follows:

During the pendency of the tax bill I was opposed to any tax of any sort, kind, nature or description on electrical energy no matter by whom the tax is to be paid and no matter in what form. When the tax bill was before the Senate on May 31



last, there were three roll calls proposing various taxes on electrical energy, and in each instance I certainly voted against any tax on electrical energy, no matter in what form and no matter by whom the tax was to be paid. Please see CONGRESSIONAL RECORD, date of May 31, and you will perceive that I voted "No" in each instance. One of the reasons why I voted against any tax in any form on electrical energy was I feared that when the tax bill would come out of the conference committee the electrical tax would be passed on to the consumer, and my fears were all too well founded, for that is exactly what happened.

Sincerely yours,

HENRY F. ASHURST.

#### THE JOURNAL

Mr. FESS. I ask unanimous consent for the approval of the Journal for the calendar days of Wednesday, Thursday, and Friday—June 15, 16, and 17.

The VICE PRESIDENT. Without objection, it is so ordered.

#### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Howell	Robinson, Ark.
Austin	Costigan	Johnson	Robinson, Ind.
Bankhead	Couzens	Jones	Sheppard
Barbour	Dale	Kean	Smoot
Barkley	Davis	Kendrick	Stephens
Bingham	Dickinson	King	Thomas, Idaho
Black	Dill	La Follette	Thomas, Okla.
Blaine	Fess	Lewis	Townsend
Borah	Fletcher	Logan	Trammell
Bratton	Frazier	McGill	Tydings
Broussard	George	McKellar	Vandenberg
Bulkeley	Gore	McNary	Wagner
Bulow	Hale	Metcalf	Walsh, Mass.
Byrnes	Harrison	Moses	Walsh, Mont.
Capper	Hastings	Neely	Watson
Caraway	Hatfield	Norris	White
Cohen	Hawes	Oddie	
Connally	Hayden	Patterson	
Coolidge	Hebert	Reed	

Mr. FESS. I desire to announce that the Senator from South Dakota [Mr. NORBECK], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Wyoming [Mr. CAREY], and the Senator from Iowa [Mr. BROOKHART] are detained in a meeting of the Committee on Banking and Currency.

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

#### APPROPRIATIONS FOR YAKIMA PROJECT (KENNEWICK HIGHLANDS UNIT), WASHINGTON (S. DOC. NO. 112)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to the appropriation for the Yakima project (Kennewick Highlands unit), Washington, contained in the act making appropriations for the Department of the Interior for the fiscal year 1932, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate telegrams in the nature of memorials from the Brotherhood Fund of Russian Veterans, by S. L. Sotnik, and the Russian Veterans' Society of the World War, by A. J. Elshin, both of Seattle, Wash., remonstrating against the recognition of the Soviet Government of Russia, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a letter from Hon. Louis A. Cuvillier, a member of the New York Legislature and veteran of the Spanish-American War, Albany, N. Y., relative to the so-called bonus army now in the city of Washington, and favoring the payment of the adjusted-service compensation certificates (bonus), which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition, from T. M. Billings, commander Spencer Ralston Post, No. 1254, Veterans of Foreign Wars, and C. C. Breon, adjutant Shelton Beaty Post, No. 18, American Legion, of Arkansas City, Kans., praying for the passage of legislation for the immediate cash payment of adjusted-

service compensation certificates (bonus), which was ordered to lie on the table.

He also laid before the Senate a letter from J. T. Corr, M. D., of Racine, Wis., favoring the passage of legislation providing for the elimination of overtime work on the part of labor in any manufactured products entering into interstate commerce, the elimination of all tax-exempt securities, the reduction of governmental salaries, etc., which was ordered to lie on the table.

He also laid before the Senate telegrams and a paper in the nature of memorials from the Bronx Workers' Club, of New York City; the Needle Trades' Workers Industrial Union, of Boston, Mass., by I. H. Feingold, chairman; the Brownsville Branch, International Labor Defense, of Brooklyn, N. Y.; the Russian Mutual Aid Society, Picnic D. Tedoruk, chairman, of Lawrence, Mass.; members of Hinsdale Workers' Club, by Max Rosen, secretary, of Brooklyn, N. Y.; the Long Cove Branch, International Labor Defense, of Long Cove, Me.; Branch No. 9, International Working Order, of New York City; and 700 citizens assembled in meeting at West Allis, Wis., remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the annual convention of the Diocese of Long Island, Protestant Episcopal Church, Brooklyn, N. Y., indorsing governmental aid for the purpose of constructing model homes at low rental for those who may want to occupy them, which was ordered to lie on the table.

He also presented a resolution adopted by the Eighth Ward Civic Association, of Schenectady, N. Y., favoring the passage of legislation legalizing the dispensation by the Government of malt liquors and beer of at least 4 per cent alcoholic volume, to be adequately taxed, so as to bring in revenue and thus alleviate the burden on taxpayers, which was ordered to lie on the table.

He also presented a resolution adopted by the Orleans Baptist Association (consisting of delegates from all the Baptist churches of Orleans County), at Medina, N. Y., opposing the repeal of the eighteenth amendment of the Constitution and any effort to resubmit the prohibition question by a referendum, which was referred to the Committee on the Judiciary.

Mr. BINGHAM presented a paper in the nature of a petition of sundry citizens and business firms of New Britain, Conn., praying for retrenchment in governmental expenditures, resistance to new appropriations, etc., to the end that the Budget may be promptly balanced, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by sundry citizens of Hartford and vicinity, in the State of Connecticut, at a public meeting favoring the use by the Government of its greatest influence in preventing outbreaks of armed conflict, the passage of legislation prohibiting the export of arms and munitions from the United States to foreign countries, and also the diversion of all funds now used in war preparation to the relief of the unemployed, which was referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of New Haven and West Haven, Conn., praying for the passage of legislation for the regulation of the motion-picture industry and "to prevent the present obstruction of interstate trade and commerce in copyrighted motion-picture films," which were referred to the Committee on Interstate Commerce.

He also presented a memorial of members of the congregation of the First Methodist Episcopal Church, of Stamford, Conn., remonstrating against the holding of a referendum in connection with the repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Connecticut State Federation of American Association of University Women Branches and College Clubs, favoring the prompt ratification of the World Court protocols and indorsing the



efforts of the American delegation at the Geneva disarmament conference, which was ordered to lie on the table.

SUPREME COURT OPINION IN CASE OF GEORGE OTIS SMITH (S. DOC. NO. 111)

Mr. HEBERT. Mr. President, I hold in my hand a copy of the opinion of the Supreme Court of the United States in the case of United States, appellant, against George Otis Smith. It will be remembered that George Otis Smith was appointed a member of the Federal Power Commission in 1931, that the President was notified of his confirmation, and thereafter the Senate attempted to recall the nomination. Subsequently a resolution was adopted by the Senate directing that the question be taken up on quo warranto proceedings in the Supreme Court of the District of Columbia. That was done and the case was finally appealed to the Supreme Court of the United States. Under date of May 2, 1932, that court rendered an opinion sustaining the President. It has occurred to me that it might be informative to have the opinion made a part of the Record and also printed as a Senate document. I ask unanimous consent that that may be done.

The PRESIDING OFFICER (Mr. Fess in the chair). Without objection, it is so ordered.

The opinion is as follows:

SUPREME COURT OF THE UNITED STATES

No. 694—October term, 1932

UNITED STATES, APPELLANT, v. GEORGE OTIS SMITH—ON CERTIFICATE FROM THE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

[May 2, 1932]

Mr. Justice Brandeis delivered the opinion of the court.

This petition, in the name of the United States, for a writ of quo warranto was filed in the Supreme Court of the District of Columbia, on relation of the district attorney, in deference to the desire of the United States Senate to have presented for judicial decision the question whether George Otis Smith holds lawfully the office of member and chairman of the Federal Power Commission. The case was heard upon the petition and answer. On December 22, 1931, the trial court entered judgment denying the petition. An appeal was promptly taken to the Court of Appeals of the District. That court certified a question pursuant to section 239 of the Judicial Code. This court granted joint motions of the parties to bring up the entire record and to advance the cause.

On December 3, 1930, the President of the United States transmitted to the Senate the nomination of George Otis Smith to be a member of the Federal Power Commission for a term expiring June 22, 1935. On December 20, 1930, the Senate, in open executive session, by a vote of 38 to 22, with 35 Senators not voting, advised and consented to the appointment of Smith to the office for which he had been nominated. On the same day, the Senate ordered that the resolution of confirmation be forwarded to the President.<sup>1</sup> This order was entered late in the evening of Saturday, December 20; and still later on the same day the Senate adjourned to January 5, 1931. On Monday, December 22, 1930, the Secretary of the Senate notified the President of the United States of the resolution of confirmation, the communication being delivered by the official messenger of the Senate.<sup>2</sup> Subsequently,

<sup>1</sup> The terms of the resolution were: "Resolved, That the Senate advise and consent to the appointment of the above-named person to the office named agreeably to his said nomination." Upon the announcement of the vote, the President pro tempore stated: "The Senate advises and consents to the nomination and the President will be notified." No objection being made, or further proceedings having been had, in the Senate with reference to said consent or the notification thereof, the following order was entered by the Secretary of the Senate in usual course upon the Executive Journal of the Senate for December 20, 1930: *Ordered*, That the foregoing resolution of confirmation be forwarded to the President of the United States."

Further action being had in executive session on the same day with reference to other nominations, there was entered on the Journal for that day the following order: "Ordered, That all resolutions of confirmation this day agreed to be forwarded forthwith to the President of the United States."

<sup>2</sup> The terms of the communication were: "In executive session, Senate of the United States, Saturday, December 20, 1930. *Resolved*, That the Senate advise and consent to the appointment of the following-named persons to the offices named agreeably to their respective nominations:

"FEDERAL POWER COMMISSION

"George Otis Smith, to be a member for the term expiring June 22, 1935.

"Frank R. McNinch, to be a member for the term expiring June 22, 1934.

"Marcel Garsaud, to be a member for the term expiring June 22, 1932.

"Attest:

"(Signed) EDWIN P. THAYER,  
"Secretary."

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and on the same day, the President signed and, through the Department of State, delivered to Smith a commission purporting to appoint him a member of the Federal Power Commission and designating him as chairman thereof. Smith then, on the same day, took the oath of office and undertook forthwith to discharge the duties of a commissioner.

On January 5, 1931, which was the next day of actual executive session of the Senate after the date of confirmation, a motion to reconsider the nomination of Smith was duly made by a Senator who had voted to confirm it, and also a motion to request the President to return the resolution of confirmation which had passed into his possession. Both motions were adopted and the President was notified in due course. On January 10, 1931, the President informed the Senate by a message in writing that he had theretofore appointed Smith to the office in question, after receiving formal notice of confirmation, and that, for this reason, he refused to accede to the Senate's request.<sup>3</sup>

Thereafter a motion was made and adopted in the Senate directing the executive clerk to place on the Executive Calendar the "name and nomination of the said George Otis Smith." Subsequently, on February 4, 1931, the President pro tempore of the Senate put to the Senate the question of advice and consent to the appointment of Smith, and a majority of the Senators voted in the negative. Notification of this action was sent to the President. On the following day, February 5, 1931, the Senate by resolution requested the district attorney of the District of Columbia to institute in its Supreme Court proceedings in quo warranto to test Smith's right to hold office; and, pursuant to that request, this proceeding was filed on May 4, 1931. As the officials of the Department of Justice were committed by an opinion of the Attorney General (36 Ops. Atty. Gen. 382) to a conclusion adverse to the position taken by the Senate, consent to the institution of the proceeding was conditioned upon the Senate's employing its own counsel and upon the understanding that officials of the Department of Justice would not support the petitioner.

No fact is in dispute. The sole question presented is one of law. Did the Senate have the power, on the next day of executive session, to reconsider its vote advising and consenting to the appointment of George Otis Smith, although meanwhile, pursuant to its order, the resolution of consent had been communicated to the President, and thereupon, the commission had issued, Smith had taken the oath of office and had entered upon the discharge of his duties? The answer to this question depends primarily upon the applicable Senate rules. These rules are numbers XXXVIII and XXXIX.<sup>4</sup> The pivotal provisions are paragraphs 3 and 4 of Rule XXXVIII, which read:

"3. When a nomination is confirmed or rejected any Senator voting in the majority may move for a reconsideration on the same day on which the vote was taken, or on either of the next

"The message of the President read as follows:

"To the Senate of the United States:

"I am in receipt of the resolution of the Senate dated January 5, 1931—

"That the President of the United States be respectfully requested to return to the Senate the resolution advising and consenting to the appointment of George Otis Smith to be a member of the Federal Power Commission, which was agreed to on Saturday, December 20, 1930."

"I have similar resolutions in respect to the appointment of Messrs. Claude L. Draper and Col. Marcel Garsaud.

"On December 20, 1930, I received the usual attested resolution of the Senate, signed by the Secretary of the Senate, as follows:

"Resolved, That the Senate advise and consent to the appointment of the following-named person to the office named agreeably to his nomination:

"FEDERAL POWER COMMISSION

"George Otis Smith, to be a member of the Federal Power Commission."

"I have similar resolutions in respect to Colonel Garsaud and Mr. Draper.

"I am advised that these appointments were constitutionally made, with the consent of the Senate formally communicated to me, and that the return of the documents by me and reconsideration by the Senate would be ineffective to disturb the appointees in their offices. I can not admit the power in the Senate to encroach upon the Executive functions by removal of a duly appointed executive officer under the guise of reconsideration of his nomination.

"I regret that I must refuse to accede to the requests.

"HERBERT HOOVER.

"THE WHITE HOUSE, January 10, 1931."

<sup>4</sup> Rule XXXIX provides: "The President of the United States shall, from time to time, be furnished with an authenticated transcript of the executive records of the Senate, but no further extract from the Executive Journal shall be furnished by the Secretary, except by special order of the Senate; and no paper except original treaties transmitted to the Senate by the President of the United States, and finally acted upon by the Senate, shall be delivered from the office of the Secretary without an order of the Senate for that purpose." The transcript of executive records relating to action by the Senate on nominations, furnished to the President under this rule, appears to consist only of copies of resolutions of confirmation or rejection.



two days of actual executive session of the Senate; but if a notification of the confirmation or rejection of a nomination shall have been sent to the President before the expiration of the time within which a motion to reconsider may be made, the motion to reconsider shall be accompanied by a motion to request the President to return such notification to the Senate. Any motion to reconsider the vote on a nomination may be laid on the table without prejudice to the nomination, and shall be a final disposition of such motion.

"4. Nominations confirmed or rejected by the Senate shall not be returned by the Secretary to the President until the expiration of the time limited for making a motion to reconsider the same, or while a motion to reconsider is pending, unless otherwise ordered by the Senate."

The contention on behalf of the Senate is that it did not advise and consent to the appointment of George Otis Smith to the office of member of the Federal Power Commission, because, by action duly and regularly taken upon reconsideration in accordance with its standing rules, it refused such consent, and gave to the President formal notice of its refusal.

The argument is that the action of the Senate in assenting to the nomination of Smith on December 20, 1930, and ordering that the President be notified, was taken subject to its rules and had only the effect provided for by them; that the rules empowered the Senate, in plain and unambiguous terms, to entertain, at any time prior to the expiration of the next two days of actual executive session, a motion to reconsider its vote advising and consenting to the appointment, although it had previously ordered a copy of the resolution of consent to be forwarded forthwith to the President; that the Senate's action can not be held to be final so long as it retained the right to reconsider; that the Senate did not by its order of notification waive its right to reconsider or intend that the President should forthwith commission Smith; that the rules did not make the right of reconsideration dependent upon compliance by the President with its request that the resolution of consent be returned; that the rules were binding upon the President and all other persons dealing with the Senate in this matter; that as the President was charged with knowledge of the rules, his signing of the commission prior to the expiration of the period within which the Senate might entertain a motion to reconsider had no conclusive legal effect; and that the nominee who had not been legally confirmed could not by his own acts in accepting the commission, taking an oath of office, and beginning the discharge of his duties vest himself with any legal rights.

Counsel for the Senate assert that a survey of the historical development of the rules of the Senate relating to reconsideration confirms its present interpretation of the rules; and that the interpretation is further confirmed by the multitudinous instances appearing in the Executive Journal of the Senate in which the President, at the Senate's request, returned resolutions, both of confirmation and of rejection.<sup>3</sup> We are of opinion that the Senate's contention is unsound.

First. The question primarily at issue relates to the construction of the applicable rules, not to their constitutionality. Article I, section 5, clause 2, of the Constitution provides that "each House may determine the rules of its proceedings." In *United States v. Ballin* (144 U. S. 1, 5) the court said: "Neither do the advantages or disadvantages, the wisdom or folly of . . . a rule present any matters for judicial consideration. With the courts the question is only one of power. The Constitution empowers each House to determine its rules of proceedings. It may not by its rules ignore constitutional restraints or violate fundamental rights, and there should be a reasonable relation between the mode or method of proceeding established by the rule and the result which is sought to be attained. But within these limitations all matters of method are open to the determination of the House, and it is no impeachment of the rule to say that some other way would be better, more accurate, or even more just." Whether, if the rules of the Senate had in terms reserved power to reconsider a vote of advice and consent under the circumstances here presented, such reservation would be effective as against the President's action, need not be considered here.

As the construction to be given to the rules affects persons other than Members of the Senate, the question presented is of necessity a judicial one. Smith asserts that he was duly appointed to office, in the manner prescribed by the Constitution. See *Marbury v. Madison* (1 Cranch, 137, 155, 156). The Senate disputes the claim. In deciding the issue the court must give great weight to the

<sup>3</sup>At the argument in the Supreme Court of the District the parties joined in submitting a pamphlet containing a list of precedents for the reconsideration by the Senate of a vote confirming or rejecting a nomination after notification of the President of its action thereon; and this pamphlet was filed with the opinion of that court. Before entry of the order denying the petition, the parties, by stipulation, submitted additional information in regard to facts concerning nominations, confirmation, and the issuance of commissions in special cases, as shown by the Senate Executive Journal, by records of the executive offices of the White House, and in certain instances by departmental records. The stipulation was made part of the record in the case in the Supreme Court. In accordance with agreement of counsel, both the pamphlet and the stipulation were printed as one document by the clerk of the Court of Appeals.

Unless otherwise indicated, the references in the succeeding footnotes are drawn from this material.

Senate's present construction of its own rules; but so far, at least, as that construction was arrived at subsequent to the events in controversy, we are not concluded by it.

Second. Obviously, paragraph 3 of Senate Rule XXXVIII contemplates circumstances under which the Senate may still reconsider a vote confirming or rejecting a nomination, although notification of its original action has already been sent to the President. Otherwise the provision for a motion to request the return of a resolution would be meaningless. But paragraph 4 of the same rule contemplates that normally such notification shall be withheld until the expiration of the time limited for making a motion to reconsider, and if a motion be made, until the disposition thereof; for it declares that notification shall be so withheld "unless otherwise ordered by the Senate." In this case the Senate did so order otherwise; and the question is as to the meaning and effect of this special procedure.

Smith urges that upon receipt of a resolution of advice and consent, final upon its face, the President is authorized to complete the appointment; and that a request to return the resolution can have no effect unless it is received prior to the signing of the commission; that if this were not true the notification would not authorize the President to do anything until the expiration of the reconsideration period, and hence would be futile; or it would purport to authorize him to make an appointment defeasible upon reconsideration and reversal of the Senate's action, and hence would violate a constitutional requirement of unconditional assent. We do not understand counsel for the appellant to urge that an appointment so defeasible may be made, and we have, therefore, no occasion to consider the constitutional objections, advanced on Smith's behalf, to a construction permitting such action. Nor need we consider whether the President might decline to accede to a request to return the Senate's resolution if he received it before making the appointment. The question at issue is whether, under the Senate's rules, an order of notification empowers the President to make a final and indefeasible appointment if he acts before notice of reconsideration; or whether, despite the notification, he is powerless to complete the appointment until two days of executive session shall have passed without the entry of a motion to reconsider.

Third. The natural meaning of an order of notification to the President is that the Senate consents that the appointment be forthwith completed and that the appointee take office. This is the meaning which, under the rules, a resolution bears when it is sent in normal course after the expiration of the period for reconsideration. Notification before that time is an exceptional procedure which may be adopted only by unanimous consent of the Senate.<sup>4</sup> We think it a strained and unnatural construction to say that such extraordinary, expedited notification signifies less than final action or bears a different meaning than notification sent in normal course pursuant to the rules.

It is essential to the orderly conduct of public business that formality be observed in the relations between different branches of the Government charged with concurrent duties, and that each branch be able to rely upon definite and formal notice of action by another.<sup>5</sup> The construction urged by the Senate would prevent the President from proceeding in any case upon notification of advice and consent without first determining through unofficial channels whether the resolution had been forwarded in compliance with an order of immediate notification or by the Secretary in the ordinary course of business, for the resolution itself bears only the date of its adoption. If the President determined that the resolution had been sent within the time limited for making a motion to reconsider, he would have then to inform himself when that period expired. If the motion were made, he would be put upon notice of it by receipt of a request to return the resolution. But under the view urged by the Senate, that reconsideration may proceed even though the resolution be not returned, he would receive no formal advice as to the disposition of the motion, save in the case of a final vote of rejection or confirmation.<sup>6</sup> The uncertainty and confusion which would be engendered by such a construction repel its adoption.

The Senate has offered no adequate explanation of the meaning of an order of immediate notification, if it has not the meaning which Smith contends should be attached to it. Its counsel argues that the practice of ordering such notification developed at a time when the Senate passed upon nominations in closed session; and that the order may have been simply a means of furnishing the President with information, not available through public channels,

<sup>4</sup>The practice of the Senate seems to be to treat the ordering of immediate notification to the President as, in effect, a suspension of the rules requiring unanimous consent. (See, e. g., 74 Cong. Rec., pt. 2, pp. 1748-1749, 1937, 2066; id., pt. 3, p. 3393; Cong. Rec., 72d Cong., 1st sess., pp. 3782, 3881.)

<sup>5</sup>Paragraph (2) of Senate Rule XIII, dealing with reconsideration of measures which have been sent to the House of Representatives, contains a provision for a motion to request the return of a measure similar to that of Rule XXXVIII in respect to nominations. No precedent has been called to the court's attention indicating that this provision would be construed as permitting the Senate to proceed to a reconsideration even though the House declined to honor its request.

<sup>6</sup>Thus the motion to reconsider might be withdrawn or tabled, or, when put to a vote, might fail, in any of which events the nomination would stand as confirmed, without further notice to the President. If the motion prevailed, the nomination would stand as originally made by the President, but no notice of that fact would reach him unless it were again finally acted upon.



concerning the probable attitude of the Chamber prior to final action. It is suggested that the President might thereby be enabled to muster support for a nominee at first rejected or to withdraw the nomination before final rejection. But the explanation has no application to a notification of a favorable vote. Nor is it credible that the Senate by unanimous vote would adopt a procedure designed merely to permit the exertion of influence upon a majority to change a decision already made. The construction urged is a labored one. It should not be adopted unless plainly required by the history of the rules and by the meaning which the Senate and the executive department in practice have given them.

Fourth. We find nothing in the history of the rules which lends support to the contention of the Senate, and much in their history to the contrary. The present rules relating to the reconsideration of votes confirming or rejecting nominations are substantially those of March 25, 1868. The earlier history is this: Prior to April 6, 1867, no rule had dealt specifically with reconsideration of votes concerning nominations. A resolution adopted February 25, 1790, provided generally that "when a question has been once made and carried in the affirmative or negative, it shall be in order for any member of the majority to move for a reconsideration of it." In 1806 two limitations were attached to this provision: First, that "no motion for the reconsideration of any vote shall be in order after a bill, resolution, message, report, amendment, or motion upon which the vote was taken shall have gone out of the possession of the Senate, nor after the usual message shall have been sent from the Senate announcing their decision"; and, second, that no such motion shall be in order "unless made on the same day in which the vote was taken or within the three next days of actual session of the Senate thereafter." In 1818 a resolution was adopted "that in future all nominations approved or definitively acted on by the Senate be by the Secretary returned to the President of the United States from day to day, as such proceedings may occur, any rule or usage to the contrary notwithstanding."

These rules remained in force until 1867.<sup>10</sup> Under them the Senate decided by unanimous vote in 1830, in the earliest of the precedents cited by the parties, that it was without power to reconsider its rejection of the nomination of Isaac Hill as second Comptroller of the Treasury "because the President had been notified." No request appears to have been made in that case for the return of the resolution of rejection. Subsequently, however, it became the practice for the President, upon request, to return resolutions of rejection or confirmation as a matter of comity; and the Senate thereupon reconsidered its action, despite the question under its rules whether reconsideration was in order. Between 1830, the time of Hill's case, and April 5, 1867, about 160 such cases occurred. But several occurring at the close of the period show clearly the limits of the practice. In two cases the President declined to return the resolution on the ground that the commission had already issued, and the Senate acceded to the refusal.<sup>11</sup> In another the resolution was returned, but with the

statement that a commission had issued; and the Senate appears to have taken no further action.<sup>12</sup> And on April 3, 1867, in the case of A. C. Fisk, the Senate upheld a decision of the Chair that a motion to reconsider a vote of confirmation was out of order after the President had been notified and before the resolution had been returned.

Three days thereafter decisive changes were made in the rules relating both to reconsideration and to notification of the President.<sup>13</sup> On April 6, 1867, the rule concerning reconsideration was modified so as to except specifically motions to reconsider votes upon a nomination from the general prohibition of any such motion where the paper announcing the Senate's decision had gone out of its possession; and the present provision was added that "a motion to reconsider a vote upon a nomination shall always, if the resolution announcing the decision of the Senate has been sent to the President, be accompanied by a motion requesting the President to return the same to the Senate." At the same time, it was provided that "all nominations approved or definitively acted on by the Senate shall be returned by the Secretary on the next day after such action is had, unless otherwise ordered by the Senate."

These changes in the rules not only met the situation which had arisen in Fisk's case but gave explicit sanction to the long-standing practice of requesting the President to return resolutions upon nominations and thereafter reconsidering them. Counsel for the Senate argue that, in addition, they completely reversed the practice theretofore established in respect to reconsideration after notification of the President; that by divorcing the period for reconsideration from the normal time for notifying the President they showed an intention that the power to reconsider should be unaffected by the transmittal of notification or by the President's action thereon. In a case occurring shortly after the new rules were adopted, however, the Senate Committee on the Judiciary clearly showed its understanding that no such change had taken place. Noah L. Jeffries was nominated for Register of the Treasury and confirmed and the President was notified. To a subsequent request for the return of the resolution the President replied that a commission had already issued. The Committee on the Judiciary, to which the matter was referred, expressed the opinion that the Senate had power to reconsider its vote, but gave as its reason that the request to return the resolution had in fact been received before the commission was signed.<sup>14</sup>

<sup>10</sup> In the case of Joseph K. Barnes, nominated as Medical Inspector General in 1864, President Lincoln returned the resolution of confirmation but "respectfully called" the attention of the Senate to certain circumstances, including the execution and delivery of a commission before the making of the motion to reconsider. The author of the motion to reconsider asked and had leave to withdraw it.

In the case of H. H. Smith, nominated as secretary of the Territory of New Mexico in 1867, President Johnson returned the resolution of confirmation, together with a report of the Secretary of State that "the commission was made out and sent to the Executive Mansion for signature and has not been returned." It is not clear that a commission did, in fact, issue. No further proceedings are recorded in the Journal.

<sup>11</sup> These changes were apparently prompted by certain of the incidents just referred to. The resolution presented by Senator Sherman in the Frost case, *supra*, Note 11, was rejected on April 1, 1867. The amended rules were adopted April 6, 1867, on motion of Senator Fessenden, who had appealed to the Senate from the decision of the chair in the Fisk case.

<sup>12</sup> The President returned the resolution, with an accompanying report of the Secretary of the Treasury. The report stated "that in the ordinary transaction of business the commission was issued on the 14th instant by the State Department, and was received at this department on the 15th instant. General Jeffries had legally qualified and entered upon the discharge of the duties of his office prior to the receipt of the Senate resolution of the 14th instant, which, under these circumstances, is herewith returned." The Committee on the Judiciary reported in part as follows: "It . . . appears that before Mr. Jeffries had been qualified or commissioned as required by law precedent to his entering upon the discharge of his functions under his permanent appointment the President of the United States, in whom the sole right of appointment, subject to the approval of the Senate, is vested by the Constitution, had received notice from the Senate that it had not finally acted upon the question of advising and consenting to the nomination, and withdrawing its resolution of assent to that appointment which had been transmitted to the President on the same day; and the committee are, therefore, of the opinion that the Senate may now lawfully reconsider its vote advising and consenting to the appointment if it shall see proper cause therefor. In this view of the case a majority of the committee were of opinion that it was inexpedient to enter upon an inquiry as to the matter of fact whether the issuing of the commission in this case and the qualification of the officer in question was hastened for any cause out of the usual course of business." The only evidence concerning the subsequent history of the case is that during the same session, some five months later, Mr. Jeffries was nominated for another office, and rejected.

<sup>13</sup> In the case of Samuel M. Pollock, confirmed as brigadier general by brevet, on April 8, 1867, the President, on April 11, complied with a request to return the resolution sent him on April 10, and the Senate later rejected the nomination. The records of the War Department show April 11, 1867, as the date of a commission to Samuel M. Pollock. The entry is marked in red ink, "Canceled

<sup>9</sup> This rule was altered in 1820 by limiting the time for making a motion to reconsider to two days and by striking out the words "nor after the usual message shall have been sent from the Senate."

<sup>10</sup> In 1792, on January 27, the Senate, in executive session, ordered "that the President of the United States be furnished with an authenticated transcript of the executive records of the Senate from time to time," and "that no executive business in future be published by the Secretary of the Senate." The latter provision remained in force until June 18, 1929, when it was resolved that all such business should be transacted in open session. The former provision is still in force, although modified by subsequent rules. See note 4, *supra*. The first such modification was the resolution of March 27, 1818, mentioned in the text, making special provision for immediate notification of the President concerning action upon nominations. On January 5, 1829, it was "Resolved, That no paper sent to the Senate by the President of the United States or any executive officer be returned or delivered from the office of the Secretary without an order of the Senate for that purpose."

On February 18, 1843, the Senate adopted the following resolution: "That nominations made by the President to the Senate, and which are neither approved nor rejected during the session at which they are made, shall not be acted upon at any succeeding session without being again made by the President, and that such shall hereafter be the rule of the Senate. This resolution is in substance incorporated in present Rule XXXVIII, paragraph (6)."

<sup>11</sup> These were the nominations of John H. Goddard, in 1864, for justice of the peace for Washington County, D. C., and of Westley Frost, in 1867, as assessor of internal revenue for the twenty-first district of Pennsylvania. In the Goddard case, President Lincoln advised the Senate simply that the resolution was sent to the Department of State prior to receipt of the request for its return, and that "a commission in accordance therewith [was] issued to Mr. Goddard on the same day, the appointment being thus perfected and the resolution becoming a part of the permanent records of the Department of State." No further proceedings are recorded in the Senate Executive Journal. In the Frost case, after a similar reply, Senator Sherman offered a resolution that "the Secretary of the Treasury be requested to recall the commission . . . and that the President be requested to return to the Senate the action of the Senate in the appointment. . . ." This resolution was rejected by a vote of 14 to 23.



The basis for the argument drawn from the rules of 1867, however, was clearly destroyed a year later, when the rule for notification was further altered, and given virtually its present form. The new rule, adopted March 25, 1868, provided that "nominations approved or definitely acted on by the Senate shall not be returned by the Secretary of the Senate to the President until the expiration of the time limited for making a motion to reconsider, or while a motion to reconsider is pending, unless otherwise ordered by the Senate." No material changes have since been made, either in this rule or in that respecting reconsideration.<sup>12</sup>

Read in the light of the preceding rules and the practice under them, the meaning of the rules thus established is, in our opinion, free from doubt. Prior to 1867 it had been continuously recognized that the President was authorized to commission a nominee upon receiving notification of the advice and consent of the Senate, and that the signing of a commission cut short the power of reconsideration. The Senate so concedes. No explicit change in this respect was made either in the rules of 1867 or of 1868. The inference that no change was intended is strengthened by the fact that under the latter rules, for the first time, the sending of notification ordinarily coincided with the lapse of power in the Senate to reconsider its action under any circumstances. The proviso "unless otherwise ordered by the Senate" made possible the sending of notification before the expiration of the period provided for reconsideration. But there is no indication that the Senate intended thereby to introduce a complete departure from past practice. The natural inference is to the contrary. The proviso for immediate notification must be read in connection with the clause permitting motions to request the return of a resolution, which would be in order only in cases in which the Senate had acted under the proviso. A motion to request the return of a resolution was a familiar device, employed by the Senate on repeated occasions. There is no reason to suppose that such a motion was now intended to have a different effect than that which, by common understanding, it had had in the past. The common understanding had been that a motion to request the return of a resolution was without effect if the President before receiving it had completed the appointment.

Fifth. This construction of the rules is confirmed by the precedents in the Senate arising since 1868. In all cases in which no commission had yet issued, the Executive has honored the request of the Senate for a return of its resolution, in accordance with the invariable practice from the beginning.<sup>13</sup> In the only instances, prior to the case at bar, in which the Senate had occasion to consider the effect, under the present rules, of the signing of the commission before receipt of its request, it indicated an understanding that the power to reconsider was gone.<sup>14</sup> In those two cases the

(rejected by the Senate)." Counsel for Smith and the Attorney General and Solicitor General in their brief *amici curiæ* question whether a commission was in fact issued in this case. See Note 19, *infra*.

<sup>12</sup> The phrase "approved or definitely acted on" was changed in 1877 to "confirmed or rejected," and as so changed the rule still stands as paragraph 4 of Rule XXXVIII. The rule on reconsideration was also given its present wording in 1877, when the material affecting nominations was taken out of the general provision relating to reconsideration in Rule XX and placed in a separate rule. The only changes of substance were the extension of the period for reconsideration to two days of "actual executive session," and the addition of the sentence: "Any motion to reconsider the vote on a nomination may be laid on the table without prejudice to the nomination, and shall be a final disposition of such motion." At the same time there was added as a separate rule the following, now paragraph 5 of Rule XXXVIII: "When the Senate shall adjourn or take a recess for more than 30 days, all motions to reconsider a vote upon a nomination which has been confirmed or rejected by the Senate which shall be pending at the time of taking such adjournment or recess shall fall; and the Secretary shall return all such nominations to the President as confirmed or rejected by the Senate, as the case may be."

<sup>13</sup> The list of precedents incorporated in the record includes some 170 cases of nominations, arising since March 25, 1868, in which motions to reconsider and request the return of the resolution were entered. In almost all the cases the Senate Executive Journal records affirmatively that the President complied with the request. In a few instances the fact of such return is not recorded, although the Senate proceeded with the reconsideration. In no case, except the two referred to in the text, does it affirmatively appear that the President declined to return the resolution. In no case since the earliest precedent listed, in 1830, is there a record of refusal to honor the request on any other ground than that a commission had been signed and the appointment perfected.

<sup>14</sup> In the case of J. C. S. Colby, nominated as consul at Chin Kiang, the Senate on December 17, 1874, voted to confirm and ordered that the President be notified forthwith. On December 21 a motion to reconsider was entered and the return of the resolution was requested. President Grant replied, "Mr. Colby's commission was signed on the 17th day of December, and upon inquiry at the Department of State it was found that it had been forwarded to him by mail before the receipt of the resolution of recall." There is no evidence of further action on the part of the Senate.

Morris Marks was confirmed as collector of internal revenue for the district of Louisiana on June 6, 1878. On June 11 a motion to reconsider was entered and the return of the resolution requested. President Hayes wrote: "In reply I would respectfully inform the Senate that upon the receipt of the notice of confirmation the commission of Mr. Marks was signed and delivered to him

President wrote informing the Senate of the issuance of a commission, and no further action was taken by it.

Attention is called, however, to other cases in which it is contended that the President returned the resolution in spite of the intervening signing of a commission, and that the Senate reconsidered its action. Sixteen cases arising after 1868 are cited.<sup>15</sup> The value of most of these cases as precedents is questioned by Smith and also by the Attorney General and the Solicitor General in the brief filed by them *amici curiæ*. In none of the cases is there any indication that the Senate was informed of the fact of the signing of the commission, if in fact the commission was signed. Therefore none of those cases furnish an authoritative construction by the Senate of its own rules made prior to the events culminating in the present litigation. They amount, at most, only to evidence of the construction placed upon the rules by the executive department. The weight of many of the cases, as such evidence, is further lessened by the circumstance that the records do not disclose beyond dispute that a commission had actually been signed by the President before receipt of the Senate's request for return of its resolution.<sup>16</sup> All the cases but one arose between 1870 and 1889, nine of them in the administrations of President Grant and President Hayes. Each of these Presidents on occasion refused to accede to similar requests on the ground that a commission had already been issued.<sup>17</sup>

on the 8th instant." The Senate Executive Journal records the fact that this message was read, but contains no reference to any subsequent proceedings in the case.

<sup>15</sup> The cases of Lewis A. Scott, originally confirmed on June 7, 1870, as postmaster at Lowville, N. Y.; John W. Bean, confirmed as first lieutenant on Jan. 11, 1872; James F. Legate, confirmed as Governor of Washington Territory on Jan. 26, 1872; George Nourse, confirmed as register of the Linkville land office, Oregon, June 5, 1872; Alva A. Knight, confirmed as United States attorney for the northern district of New York Jan. 21, 1873; Belle C. Shumard, confirmed as deputy postmaster at Fort Smith, Ark., Feb. 6, 1873; Peter C. Shannon, confirmed as chief justice of the Supreme Court of Dakota Territory Mar. 17, 1873; E. Raymond Bliss, confirmed as deputy postmaster at Columbus, Miss., Mar. 18, 1873; John W. Clark, confirmed as deputy postmaster at Montpelier, Vt., Mar. 20, 1873; William H. Tubbs, confirmed as postmaster at New London, Conn., Dec. 20, 1878; Joseph H. Durkee, confirmed as marshal of the northern district of Florida June 30, 1879; Laban J. Miles, confirmed as Indian agent at Osage Agency, Indian Territory, Feb. 15, 1883; George W. Pritchard, confirmed as United States attorney for the Territory of New Mexico Feb. 19, 1883; Thomas H. Reeves, confirmed as Indian agent, Quapaw Agency, Indian Territory, Apr. 9, 1884; Edwin I. Kursheedt, confirmed as marshal for the eastern district of Louisiana, Mar. 27, 1889; and William Plimley, confirmed as Assistant Treasurer Mar. 10, 1903.

In the Bean, Legate, Nourse, and Kursheedt cases the Senate Executive Journal does not record whether or not the President returned the resolution, as requested. The President withdrew the nomination of Mr. Legate, on his own request, before the Senate had proceeded further than to debate the motion to reconsider. The Reeves and Plimley nominations were also withdrawn. In the Scott, Knight, and Miles cases the motion to reconsider was withdrawn after return of the resolution; in the Durkee case it was tabled; and in the Bliss and Pritchard cases, when put to a vote, it failed. In the Clark case no further proceeding is recorded after the return of the resolution. In the Shannon and Tubbs cases the nominee was again confirmed; in the Shumard, Bean, Nourse, and Kursheedt cases the Senate adopted the motion to reconsider and either recommitted the nomination or placed it upon the calendar. Only in the last six cases did the Senate in fact exercise the power to reconsider.

It is conceded by Smith that in the cases of Legate, Shumard, and Plimley a commission had in fact been signed by the President at the time he received and acceded to the request for return of the resolution. In the remaining cases the evidence of signing of the commission rests mainly upon entries of dates in the records of the executive offices of the White House. In the Knight and Miles cases there are also copies of the commission in the records of the respective departments. The entry of the date of commission in the Tubbs case appears to have been erased, although it is still legible. Those in the Reeves and Kursheedt cases are scratched or crossed out. See note 19, *infra*.

<sup>16</sup> The contention of Smith, in which the Attorney General and Solicitor General concur, is that the dates relied on in the White House records are the dates which the commissions bore, but not necessarily those on which they were signed. The practice in the executive offices in this respect appears not to have been uniform. Thus in certain instances pointed out in the brief *amici curiæ*, taken from a later period, it appears affirmatively, under the heading "Remarks," that the commission was actually signed at a date subsequent to that entered under the heading "Commissioned." On the other hand, in the Plimley case, *supra*, note 18, and in the Colby and Marks cases, *supra*, note 17, other evidence indicates that the signature was in fact made on the date entered in the White House records. It appears to be the practice for the appropriate department to prepare the commission in all respects, including the date, upon receipt of notification of confirmation, and thereafter to present it to the Executive to be signed. This practice creates the possibility of disparity between the date of signing and the date of appearing on the commission.

<sup>17</sup> In the Colby and Marks cases, respectively, *supra*, note 17. The most recent case, which is urged as strongly supporting the Senate's contention, is that of William Plimley. President Roose-



Perhaps the most satisfactory explanation of the instances cited on behalf of the Senate is that the executive department has not always treated an appointment as complete upon the mere signing of a commission.<sup>21</sup> Compare *Marbury v. Madison* (1 Cranch, 137); *United States v. Le Baron* (19 How. 73, 78). Even in the view most favorable to the Senate's contention they fall far short of clear recognition of the power, never heretofore asserted by the Senate itself, to reconsider a vote of confirmation, after an appointee has actually assumed office and entered upon the discharge of his duties. We are unable to regard any of the cases as of sufficient weight to overcome the natural meaning of the clauses.<sup>22</sup>

Sixth. To place upon the standing rules of the Senate a construction different from that adopted by the Senate itself when the present case was under debate is a serious and delicate exercise of judicial power. The Constitution commits to the Senate the power to make its own rules; and it is not the function of the court to say that another rule would be better. A rule designed to ensure due deliberation in the performance of the vital function of advising and consenting to nominations for public office, moreover, should receive from the court the most sympathetic consideration. But the reasons, above stated, against the Senate's construction seem to us compelling. We are confirmed in the view we have taken by the fact that, since the attempted reconsideration of Smith's confirmation, the Senate itself seems uniformly to have treated the ordering of immediate notification to the President as tantamount to authorizing him to proceed to perfect the appointment.<sup>23</sup>

The judgment of the Supreme Court of the District is confirmed.

#### NATIONAL PROHIBITION

Mr. BARBOUR. Mr. President, I ask unanimous consent that the two newspaper editorials which I hold in my hand, one by Walter Lippmann and the other by Frank Kent, dealing with the subject of prohibition, be printed in full in the CONGRESSIONAL RECORD and referred to the Committee on the Judiciary.

There being no objection, the editorials were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

TO-DAY AND TO-MORROW

By Walter Lippmann

THE PROHIBITION PLANK

CHICAGO, June 16.—Under cover of a smoke screen of dry slogans the Republican Party has abandoned national prohibition. So effective was the smoke screen that it may take some time before the dries realize how complete was their defeat and the wets how imposing was their victory. In the convention hall itself the galleries, which were full of wets, booed and howled while the wet cause was winning and the dries on the floor applauded

velt nominated Plimley in 1903 for Assistant Treasurer of the United States. His commission was made out and signed, and a letter notifying him of his appointment and inclosing an official bond was placed in the mails. Notice of a motion to reconsider the vote of confirmation having been received at the White House, the chief of the division of appointments ordered the letter extracted from the mails, and the President returned the resolution and subsequently withdrew the nomination.

<sup>21</sup> Thus, it will be noted in both the Colby and Marks cases, supra, note 17, that the commission had been either placed in the mails or delivered, and that the message of the President placed emphasis on these facts.

<sup>22</sup> In addition to the Senate precedents above discussed, counsel for the Senate cite various decisions from State courts relating to reconsideration by State and municipal deliberative bodies. *People ex rel. MacMahon v. Davis* (284 Ill. 439); *Witherspoon v. State ex rel. West* (138 Miss. 310); *Wood v. Cutter* (138 Mass. 149); *Crawford v. Gilchrist* (64 Fla. 41); *Dust v. Oatman* (126 Mich. 717). None of these cases, however, presented the question here at issue of the effect upon the power to reconsider of an intervening notification of confirmation sent to an appointing officer, and of the signing by that officer of a commission. It is therefore unnecessary to examine the reasoning upon which they were decided.

<sup>23</sup> Thus in the confirmation of Judge Louie W. Strum, Senator FLETCHER in seeking unanimous consent "to waive the rule about two subsequent executive sessions," and notify the President of the Senate's action, gave as his reason that "this judge is very much needed, and has been for some months." (74 CONGRESSIONAL RECORD, pt. 7, pp. 6489-6490). Notification was ordered on Dec. 21, 1931, of votes confirming nominations to the Interstate Commerce Commission and the board of mediation upon the statement of Senator COUZENS that otherwise "those gentlemen . . . can not hold office until after two executive sessions shall have been held." (CONGRESSIONAL RECORD, 72d Cong., 1st sess., Dec. 21, 1931, p. 1003.) Again, on Dec. 22, 1931, on the confirmation of Robert B. Adams as engineer in chief of the Coast Guard, Senator COPELAND stated that "this man's appointment expired on the 18th of December, and it is very important that he be immediately put on duty." Notification was ordered. (Id., p. 1131.) On Feb. 1, 1932, notification was ordered of the confirmation of certain appointees to the Reconstruction Finance Corporation Board, upon the statement of Senator ROBINSON that "it is believed that there is necessity for the board to function immediately." (Id., p. 3071. See also id., pp. 3415, 3532, 3581.)

fervently the decision which marked the end of the Republican Party's adherence to national prohibition.

What is it that the Republicans have declared? They have declared that Republicans in the House and the Senate should vote for a resolution submitting a twentieth amendment to the States. They have pledged themselves to specify that the ratification of this new amendment shall be considered not by State legislatures but by specially elected State conventions "adequately safeguarded so as to be truly representative." This can mean only one thing, that they pledge themselves to see that these State conventions are more truly representative than are most of the State legislatures. In other words, they declare that the overrepresentation of rural districts and the underrepresentation of cities, which is characteristic of most legislatures, shall not prevail in the State conventions. This pledge is from the point of view of the practical difficulties of amending prohibition an incalculably important victory for the wets.

The twentieth amendment which the Republicans propose to submit to these State conventions would supersede and, therefore, would in fact repeal the eighteenth amendment. The essence of the eighteenth amendment is that it prohibits and does not merely give Congress the power to prohibit the manufacture and sale of liquor. The new twentieth amendment would take prohibition completely out of the Constitution. Whatever the phrase makers may choose to call it, this is repeal, and it constitutes an absolute victory on the fundamental principle for which the opponents of the eighteenth amendment have always contended.

The twentieth amendment would not only repeal constitutional prohibition but it would deny to Congress the power to impose legislative prohibition. For the Republicans have committed themselves to the principle that the States may legalize liquor, not merely beer and wine, but all liquor, if they wish to do so.

The twentieth amendment would, however, grant certain powers over the liquor traffic to the Federal Government. These powers would be of two kinds. There would be a grant of power to Congress to make laws and to set up enforcement machinery to protect dry States against the invasion of liquor from the wet States. There is no dispute as to the desirability of giving Congress this power. The only difference of opinion is whether it is necessary to amend the legislation in order to provide the power. Some think that the old Constitution vests in Congress all the authority needed; some deny that it does. There can be no possible objection to reaffirming the power if it exists or of granting it if it does not; it is generally agreed that Congress should have the power to protect dry States against invasion. Senator Morrow, who made a profound study of this problem, advocated an amendment which "would vest in the Federal Government power to give all possible protection and assistance to those States that desire complete prohibition against invasion from the States that do not."

But the Republican platform goes farther and proposes to vest more power in Congress. Here the language of the platform is vague, but what the authors probably had in mind was to give Congress the power to declare principles to which the States must conform in legalizing liquor. Their intention, it appears, is to give Congress the power to say that no State may, for example, legalize a system under which liquor is sold for consumption in public places, or conceivably that no State may legalize a liquor traffic conducted for private profit.

Here is matter for considerable debate, and I for one can see no point in making a snap judgment. I should like to see a draft of the amendment which the President would accept as conforming to the language of his platform.

The main point is that this new amendment can go no farther than to grant Congress the power to regulate. It can not prohibit. It can not give Congress the power to prohibit. It can not embed any particular kind of regulation in the Constitution. Since the new amendment can only be a grant of power, it must substitute for the iron inflexibility of the present system a flexible system responsive to public opinion such as prevails in all other civilized countries. The worst that Congress could do under the new amendment could be corrected at any time by a majority vote of Congress.

The wets would be unreasonable if they refused to consider this proposal and to examine carefully the arguments for it which Secretary Mills set forth so cogently in the debate.

I left the convention hall early Thursday morning feeling that the antiprohibitionists had won so great a victory so suddenly that they have not yet adjusted their minds to their new position. The wet galleries were certainly as fanatical and as ignorant and as intolerant as the dries ever were in the days when they were in the saddle. There is danger here, and the wet leaders should stop and consider.

They should remember that it is one thing to fight resolutely to win and another to refuse to make peace with your opponent. It is true that the wets have only won one battle in a campaign which must be fought out in Congress and in the States. But they are in the ascendant and they will make a great mistake if they take a stand which offers the dries no choice but to resist to the bitter end or to surrender abjectly. My view is that on the moot point of this platform—whether or not to grant Congress power to determine the principles upon which the States may legalize liquor—there is no sacrifice of principle in a conciliatory attitude. There is nothing in the proposal to grant Congress a limited power to regulate the liquor traffic which any self-respecting opponent of the eighteenth amendment and of the policy of prohibition need hesitate to consider with an open mind.



## THE GREAT GAME OF POLITICS

By Frank R. Kent

## A POLITICAL MILESTONE

CONVENTION BUREAU OF THE SUN, CHICAGO, June 16.—If the shrill cries of the professional dries, on the one side, and the extreme wets, on the other, are discounted—and they always should be—this prohibition plank in the Republican platform is the most striking political milestone of a decade. It marks the definite end of the noble experiment, the turn of the country against it.

No one who understands the sentiment and conditions that forced the Republican Party to take this step away from the amendment it has so consistently defended and who appreciates that the Democratic convention, which meets June 27, can not do less and may do more, will doubt that. National prohibition has been sunk. There is no other way to look at it. Its failure, proclaimed for years by its opponents, has been conceded by its friends. So far as this convention is concerned, that is the big news, bigger by far than the nominee for the Presidency or the Vice Presidency. It overshadows everything else, and will be the one thing in the platform remembered.

It was a most amazing rush. The tide that swept the Republicans from their dry moorings started really to run two years ago in the congressional and city elections, but it was the developments of the last 10 days that brought the concrete result. An extraordinary series of events occurred, some of them after the delegates began to gather here—the Rockefeller statement, followed by those of Doctor Mott and Doctor Poling; the defeat of the dry RUTH BRYAN OWEN by a wet in Florida and of Senator MORRISON in North Carolina; the sudden and almost simultaneous declaration for repeal by the Indiana Republicans and the Virginia Democratic convention.

The accumulated speed and volume compelled the administration management, which had come out here with a much milder proposal, to yield. It drove into unnoticed obscurity the militant dry professionals who since 1920 have browbeaten and cowed every convention of both parties, openly directed the leaders of both as to what they should and should not do. What happened here left them numb and without plans.

Six months ago it was a 5 to 1 bet the Republican convention would adopt the old law-enforcement plank upon which both parties have got by for the last 12 years, at least even money the Democrats would do the same. And now look where they have gone. As late as Wednesday morning word went from here to the White House from at least two close and confidential Hoover advisers that unless the plank adopted were accepted the convention would run away on an unqualified repeal proposal—and so it would.

To-day the absorbing topic is the political effect of the plank. Three major points are made for it: First, that it is acceptable to all but the fanatical dries; second, that it opens the door for the wet Republicans to stay inside the party; third, that it is the only possible practical plan with which action in the near and not the dim future can be had. So far as the latter is concerned, the argument is that an unqualified repeal amendment, even if put through Congress, could not be done at the short session in December, and that its ratification could and would be prevented by 13 dry States. It would be delayed for years.

In the case of this proposal, its acceptability to the dry States and its support by heretofore political dries who have been longing for the chance to go wet but not daring to take it, should make it easy enough to get through the short session and its ratification could be had through the State conventions within a year. That is the argument. The truth is that once you sweep aside the tender terms in which prohibition is spoken of in the Republican plank, and the "hokey" about preserving the power of the Federal Government to protect the dry States and its retention of national control, the proposition is astoundingly wet.

What it really will do if it goes through is: Repeal the eighteenth amendment, wipe the Volstead Act off the books, and return the whole liquor problem back to the States to deal with as they will, barring only the restoration of the old-time saloon—even that could be done under another name and with slight camouflage—and done it will be, too.

There will be endless discussion of this plank. It will be assailed from both sides. But these are the facts about it. It is a wet plank, so wet that nothing but a complete knowledge that they were being overwhelmed by the wet avalanche can account for the dry acceptance. Under it the whole scheme of national prohibition is scuttled and the State rights in this business restored. Under it not only light wines and beers will come back to the States that want them but whisky and gin as well.

The real weasel words in the plank are those dealing with the Federal power to impose limitations. This is silly as well as insincere, because the Federal power exists without any action being necessary to retain it and would exist under the straight-out repeal proposal also. Congress can exercise its power under either. That part is put in to save the party's face in having completely abandoned prohibition as a national matter. It does not mean much. Everybody knows that once such an amendment is proposed by two-thirds of Congress and ratified by three-fourths of the States it is not going to be possible to get a majority of Congress to turn in the opposite direction and impose a lot of unpopular limitations.

When you contrast this plank with the record of the two parties on this issue, when you consider the extraordinary dominance which the Anti-Saloon League has exercised of Congress and in politics generally, and when you consider the new vista opening

up—when you reflect upon these things the change marked by the adoption of this plank last night comes pretty close to being historic. It is possible the Democrats will go beyond the Republican plan in veering over to the wet side. They will, of course, want to, as it will be advantageous to hold the edge in the wet States, the dry South being less dry now than seemed possible before and safe for Democracy, anyhow. They will at least go as far. It seems to make the end of an era in this century-old battle over liquor.

And it is the new voters who have done it—the twenty-odd million and more who have come of age and got on the registration books since prohibition began.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had insisted upon its amendments to the bill (S. 811) for the relief of Sophia A. Beers, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLACK, Mr. CLARK of North Carolina, and Mr. GUYER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed without amendment the bill (S. 1525) forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 29) providing for the printing and distribution of copies of the Federal laws relating to the veterans of various wars, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a joint resolution (H. J. Res. 408) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, in which it requested the concurrence of the Senate.

## ENROLLED BILL SIGNED

The message further announced that the Speaker pro tempore of the House had affixed his signature to the enrolled bill (S. 1525) forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony, and it was signed by the Vice President.

## REPORT OF A COMMITTEE

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 4712) authorizing the sale of certain lands no longer required for public purposes in the District of Columbia, reported it with amendments and submitted a report (No. 841) thereon.

## ENROLLED BILL PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, June 18, 1932, that committee presented to the President of the United States the enrolled bill (S. 1525) forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony.

## BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 4905) granting a pension to Emma MacDonald (with accompanying papers); to the Committee on Pensions.

By Mr. STEIWER:

A bill (S. 4906) granting a pension to George W. Thomas (with accompanying papers); to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 4907) granting a pension to Mary D. Howard; to the Committee on Pensions.

By Mr. DAVIS:

A bill (S. 4908) for the relief of H. Bluestone; to the Committee on Claims.

By Mr. BARKLEY:

A bill (S. 4909) for the relief of A. Y. Martin; to the Committee on Claims.



By Mr. ROBINSON of Indiana:

A bill (S. 4910) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, and acts in amendment thereof; to the Committee on Education and Labor.

By Mr. FESS:

A joint resolution (S. J. Res. 181) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress; to the Committee on the Library.

By Mr. WALSH of Montana:

A joint resolution (S. J. Res. 182) amending the joint resolution authorizing the erection on the public grounds in the city of Washington, District of Columbia, of a memorial to William Jennings Bryan; to the Committee on the Library.

By Mr. BINGHAM:

A joint resolution (S. J. Res. 183) to amend a joint resolution entitled "Joint resolution for the relief of Puerto Rico, approved December 21, 1928," as amended by the second deficiency act, fiscal year 1929, approved March 4, 1929; to the Committee on Territories and Insular Affairs.

#### PUBLIC WORKS PROGRAM—AMENDMENTS

Mr. JONES, Mr. CAREY, Mr. COPELAND, and Mr. LA FOLLETTE each submitted an amendment, Mr. WAGNER submitted several amendments, and Mr. JOHNSON submitted sundry amendments, intended to be proposed by them, respectively, to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which were severally ordered to lie on the table and to be printed.

#### TARIFF COMMISSION REPORTS

Mr. COSTIGAN submitted a resolution, Senate Resolution 241, which was referred to the Committee on Finance, as follows:

*Resolved*, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Gloves, made wholly or in chief value of leather, dutiable under paragraph 1532 (a) of such act.

Mr. COSTIGAN also submitted a resolution, Senate Resolution 242, which was referred to the Committee on Finance, as follows:

*Resolved*, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic article and of any like or similar foreign articles: Plate glass, dutiable under and as provided for in paragraph 222 (a) of such act.

Mr. COSTIGAN also submitted a resolution, Senate Resolution 243, which was referred to the Committee on Finance, as follows:

*Resolved*, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Linseed or flaxseed oil, and combinations and mixtures in chief value of such oil, dutiable under the provisions of paragraph 53 of such act.

Mr. COSTIGAN also submitted a resolution, Senate Resolution 244, which was referred to the Committee on Finance, as follows:

*Resolved*, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cast-iron pipe of every description, and cast-iron fittings for cast-iron pipe, dutiable under the provisions of paragraph 327 of such act.

Mr. COSTIGAN also submitted a resolution (S. Res. 245), which was referred to the Committee on Finance, as follows:

*Resolved*, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cocoa, chocolate, and cocoa butter, dutiable under subdivisions (a), (b), and (c) of paragraph 777 of such act.

Mr. COSTIGAN also submitted a resolution (S. Res. 246), which was referred to the Committee on Finance, as follows:

*Resolved*, That the United States Tariff Commission is hereby directed, under section 332 (g) of the tariff act of 1930, to investigate, and to reply thereon to the Senate as soon as practicable, with respect to the articles classified in paragraphs 354 to 358, inclusive, of such act (1) "whether the facts as to imports, production, exports, wholesale prices, and such costs or other statistically measurable factors as are available, indicate the necessity of a readjustment of the duties on any of these articles and (2) whether any of the duties specified in such paragraphs have resulted in the practical exclusion of imports of any such article."

#### MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

A message in writing from the President of the United States, submitting nominations, was communicated to the Senate by Mr. Latta, one of his secretaries, was also announced that on June 17, 1932, the President approved and signed the act (S. 3911) to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place NW.

#### "DEPRESSION"—ADDRESS BY BERNARD J. ROTHWELL

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered over the radio by a very public-spirited citizen of Boston, Mr. Bernard J. Rothwell, his subject being "Depression—The Way In—The Way Out."

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

#### DEPRESSION—THE WAY IN—THE WAY OUT

The existing world-wide agricultural and industrial depression and economic disturbance is felt more acutely in the United States than in other countries, because of the higher standard of living, the greater comfort and even luxury its average citizen has enjoyed hitherto.

In the public mind it dates back some three years; but, two years earlier, there were indications that prosperity was not universal, that many businesses were unprofitable, and that unemployment—already large—was steadily increasing.

He is a wise man who can foretell when the tide will turn; unfortunately, just now the world appears to be sadly lacking in constructive wisdom.

Meanwhile, our system of government, the admiration and the inspiration of the peoples of the world, is being subjected to the most severe test in its peacetime history; it is evident that if the noblest political institution ever devised by men is to survive, ways and means must speedily be adopted to prevent recurring periods of deceptive prosperity and extreme depression. There is no time to lose!

A few years ago, the tiller of the soil envied the then current greater reward and shorter hours of the industrial wage earner. But a transformation has since been wrought; to-day millions of able-bodied willing workers tramp the streets of industrial centers vainly seeking something to do. However unsatisfactory the condition of the average farmer may be, he is immeasurably more fortunate; for, at least, he is reasonably sure of food and shelter and is not dependent for them upon public or private charity.

What caused the present deplorable situation? It is due in large measure to the disastrous World War, with its astounding loss of life and treasure; but if we set aside the resulting foreign complications, political and economic, our own situation may definitely be charged to—

First. Constantly increasing application of science and invention in industry, which not only has caused enormous overproduction and consequent ruinous competitive prices of all products of soil and mine but, still more seriously, has resulted in displacing millions of able and willing wage earners far more rapidly than they could be absorbed by new industries. The purchasing power of the masses thus has been enormously lessened, and industrial activity reduced to a low percentage of normal operation.

Second. Big business, frequently beyond human capacity to properly administer; high finance and inordinate greed for wealth and power.

Third. The overdevelopment of huge manufacturing and distributing corporations, encouraged by banking interests, which furnished funds lavishly to promote this overexpansion, the overbuilding of industrial plants, commercial buildings, etc., often without adequate inquiry as to the soundness of the proposition or the fitness of the parties undertaking it.



Fourth. Participation of leading banks and bankers in underwritings, consolidations, mergers, holding companies, etc., with their unwise and unwarranted increase of outstanding shares, 3, 5, 10, or more being exchanged for 1; the forced appreciation in market price of these depreciated shares, based upon absurdly assumed future prospects, and the effort to earn and pay increasing dividends thereon.

Fifth. Distribution to smaller banks throughout the country of the so-called securities, domestic and foreign, thus underwritten, overloading them with frozen assets, most of which could only be marketed at severe losses; some not at all. This was a principal cause of the multitude of bank failures and the heavy withdrawal of deposits, even from absolutely solvent banks, for the unwise purpose of hoarding, and with the far greater risk of total loss by theft, fire, or unreliable investment.

Sixth. Unequal distribution by corporations of the abnormal profits of the several years prior to the crash of 1929 and failure to allot a liberal share of them to unemployment and age-retirement reserves, which would have lessened greatly the subsequent distress.

Seventh. High-pressure salesmanship that proclaimed "desires" to be "necessities," thrift and provision for the inevitable "rainy day," unwise and unwarranted; men high in authority applying the exploded theory of perpetual motion to the then prevailing hectic prosperity. Hosts of wage earners were thus lured into incurring debts, the payment of which depended entirely upon maintenance of the then current, uncertain family income.

Eighth. The "straw that finally broke the camel's back"; well-nigh universal, insane, speculation in every element of society—bell boy and bishop; preacher and porter; men and women; young and old. The "get-rich-quick" craze which carried widespread ruin into every city, town, and village from the Atlantic to the Pacific.

The failure of stock exchange authorities to curb operations by speculative pools, whose transactions afforded clear evidence of stupendous gambling; they also failed to check the abuse of "short selling."

There were other causes, mention of which time will not permit. Is there a way out? There is. But the road to recovery will not be short or easy to climb.

The absolutely fundamental need is universal confidence, without which permanent recovery is impossible. This confidence must include confidence on the part of other nations as to the sincerity of our motives in international affairs. Rapidity of communication has knitted the entire world so closely as to compel international economic interdependence. We can not, if we would, ignore this fact.

The prolonged delay of the Senate in approving the entrance of the United States into the World Court has promoted foreign distrust of our good faith in sponsoring the Kellogg-Briand pact; in the sincerity of our professed peaceful purpose, and of our repeated advocacy of disarmament.

Serious international disputes must be settled either by peaceful adjudication or devastating war. Can there be any doubt as to the choice of the American people? Prompt ratification would prove the greatest possible contribution to international confidence and good will. We should call upon our Senators for immediate favorable action.

This would tend to hasten disarmament and greatly lighten the present staggering burden of Federal taxation, largely due to the enormous cost of our Military and Naval Establishments. This, together with the cost of hospitalization, pensions, bonuses, etc., the result of previous wars, forms by far the largest portion of the National Budget.

In addition, a small minority of those who enlisted or were drafted into service now clamor for immediate payment of two and a half billion dollars, which will not accumulate or become due, as per contract, until 1945. Yet this noisy minority scares into its advocacy many of our weak-kneed Representatives in Washington.

The cost of governing the United States has increased enormously within the past five years, many times more rapidly than either population or the national wealth. Meanwhile, taxable incomes have decreased, individual means, large and small, in countless cases, have been wiped out, savings exhausted, and people, formerly of large wealth, made destitute.

Local taxation in farming communities, as well as in cities and towns, has likewise increased by leaps and bounds; governing bodies spending the taxpayers' money recklessly, regardless of the debts they were piling up, until in many cases they had no further borrowing power.

Will the American farmer speak out and say what he thinks about all this?

These and other abuses must be eliminated; measures deemed radical a few years ago will doubtless be enacted and accepted as a matter of course. Among these will be:

Restriction of enormously swollen fortunes through increased income, surtax and inheritance taxes.

Wider distribution of profits to increase purchasing power of the masses.

Establishment of adequate age-retirement and unemployment reserves in industries, large and small.

Restriction of banks and trust companies to the loaning, investing, and safeguarding of deposits; special reserves to provide Government insurance of deposits; speculative promotions and underwritings to be barred.

More strict regulation of stock and commodity exchanges for the protection of the average investor.

Elimination of unfair, dishonorable, unnecessary, and wasteful competition, with Government regulation to protect the consumer; and other important reforms.

Existing troubles in the United States are not the fault of our system of government, but of our failure to insist that it be conducted on the highest plane of integrity, efficiency, and with sole regard to the welfare of the entire Nation.

Stockholders in the largest corporation in the world, its successful management vital to the welfare of every man, woman, and child, many of us are either too indifferent, or too lazy, to attend its annual meetings—the primary or regular elections.

We permit some office seeker, long of tongue and short of brain, to arouse our prejudices and capture our votes, while we pay slight attention to his fitness for the office he seeks; the soundness of his views on questions of the highest importance; his personal integrity or political sincerity.

What can you on the farm and we in the city do to remedy this?

We should take a far more keen interest in public affairs; we should cast off prejudice, religious or racial, and should elect candidates for public office on the sole basis of demonstrated integrity and ability—men with backbone.

We shall thus maintain the supremacy of the Republic and defeat whoever would undermine its foundation of liberty under the law.

In the present emergency all thought of partisanship or of party advantage should be cast aside. It makes no difference to you or to me whether a policy that is sound originates in one party or the other.

In former times there was a distinct cleavage between the two principal parties; to-day this does not exist. On many major issues each party is widely divided within itself. Self-interest is the dominating influence in a high percentage of our representatives, national, State, and municipal.

The ship of state is sailing stormy seas; dangerous reefs lie ahead, but skillful pilotage and a willing, patriotic crew can steer it into safe harbor. Nation-wide public opinion, freely and clearly expressed, should demand a prompt and hearty pull-all-together.

#### HON. HENRY P. FLETCHER'S GETTYSBURG ADDRESS

Mr. DAVIS. Mr. President, I ask leave to have published in the RECORD the address delivered at Gettysburg on May 30, 1932, by Hon. Henry P. Fletcher, former ambassador to Italy, and also former chairman of the United States Tariff Commission.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

Fellow citizens, Gettysburg has double claim to fame. Here was fought the great battle which turned the tide in the struggle to save the Union. Here on this sacred spot a few months later was spoken the greatest speech ever made in the English language, or indeed in any other language, since the Sermon on the Mount.

The two events—the great battle and the great Lincoln address—seem intertwined in the minds of men.

Here, really, the death knell of secession was sounded from the cannon's mouth. Here from the heart of Lincoln came the cry, not of triumph, but of sublime faith in the Union and in the people of this land, and of all lands, to govern themselves.

I have been told by a friend of the older generation, who heard Mr. Lincoln speak that day, that when he came to the concluding passage wherein he proclaimed his democratic faith it was not the prepositions of, by, and for which he accented. He said, "that government of the people, by the people, and for the people shall not perish from the earth."

And so I say in the American epic, Gettysburg symbolizes the two fundamental concepts of our national life—union and democracy; in Mr. Lincoln's mind, union for democracy.

On this day, set apart by the Nation as a day of remembrance, year after year the people of southern Pennsylvania and near-by States gather here to pay their tribute of gratitude to those men of our fathers' generation who fought and wrought to save the Union and our American dream.

To-day, throughout the length and breadth of the land, we commemorate the heroes of all our wars from Independence to Argonne. Like the Greeks of old, we bear floral offerings of sacrifice to their tombs. As these flowers are plucked in the bloom of springtime, so many of our heroes were cut down in their youth. For mostly the young are sacrificed in war. They suffered and died that the United States of America might mean something in and to the world. From first to last our wars were fought to establish and extend, to preserve and defend the democratic ideal of government. We keep their memory green in our hearts. We come, as Lincoln bade us come, as to a shrine, to dedicate ourselves with increased devotion to the cause for which they gave their last full measure of devotion.

Now, as during the Civil War, the Nation is passing through a great crisis. Now, as then, we are being tested. Not now, as then, is there suffering and dying of the wounds and deprivations of organized war, but rather we have mental suffering and physical deprivations of disorganized peace. We are suffering the effects of bad management in business and finance and from governmental incompetency and extravagance.

Our independence was gained, our Government created, our continental empire founded, and our Union preserved only by hard labor, by sacrifice, and by steadfast devotion to our ideals,



and so, if our Government is to function efficiently it will be brought about, not by specious and plausible nostrums, but by work and, if necessary, sacrifice, and by that I mean sacrifice by the rich, well-to-do, and poor alike. I am not one of those who believe that the average American is looking for a free ride. I do not believe that we are a nation of hitch-hikers. I believe every self-respecting American is as ready now to do his bit in the way of bearing the burdens of democracy, and that means payment of necessary taxes, as he has been throughout our history to fight for democratic ideals. But he will, or at least should, insist that the taxes he pays be expended for the general welfare and not lavished on particular classes or groups. Many of us, I fear, have neglected our primary duties as citizens and have allowed the affairs of local, State, and National Government to be extravagantly conducted, and we are now suffering the consequences of our own neglect. As long as we could make money, we did not much mind who made the laws and filled the offices. Taxes have mounted silently but steadily. They have come upon us like a thief in the night. In the seven fat years we did not mind them. We could pay them and still live, but now the lean years have come upon us and we find them unbearable. It has been estimated that the national income of all our people in the most prosperous years amounted to about \$70,000,000,000, and one-fifth of this income was taken by the tax collector. Now it is estimated that the national income has fallen by over 40 per cent, and taxes are mounting. At least 20 cents of every dollar earned on capital and labor now goes to defray the expense of local, State, and National Government. Every man, woman, and child has to pay over \$100 a year to live in this free country, or else some one else has to pay it for them and try to get it back by increasing the cost of living for all of us.

To put it another way, this staggering tax bill of about fourteen billions a year exceeded by two billions the gross value of all farm production in the United States in 1929. Before our farmers, our manufacturers, our merchants, and our day laborers and clerks can earn \$1 for themselves, they must contribute directly or indirectly \$33,000,000 a day for the support of local and State governments and thirteen millions daily in addition to the Federal Government. This is fantastic. We think that because many of us pay little or no tax directly that our town, township, county, State, and National Government are free. On the contrary, they are the most expensive governments that have ever existed in the world. It now takes the equivalent of one day's work a week from all of us in one form or another and we pay it perhaps without knowing it, but we pay it just the same.

Waste and inefficiency abound in every department of the Government, executive and legislative, and every member of the Government and of Congress knows it, yet little or nothing is done about it. The department heads, Cabinet officers, strenuously object to any important curtailment of the activities and services of their departments and make dire predictions of what will happen if their appropriation is reduced. Superfluous Army posts and naval stations and navy yards can not be abandoned because Senators and Congressmen of the localities affected, under the lash of local business sentiment, band together and defeat these necessary economies. The direct primary has made each Senator and Representative more or less a law unto himself and has practically done away with party cohesion and party discipline. Local interests and local pressure are more important to them politically than party policy and general welfare. This is easily understood. They are subject to constant pressure by political interests and from associations and federations maintaining active professional lobbies in Washington. Their political life depends upon how they stand with their constituents, more particularly with the organized and vociferous sections of them. If a Congressman, ignoring pressure of this kind, votes for what he considers the general good, he gets, unfortunately, little local voting credit for it, on the one hand, and on the other he suffers the active hostility of those in his district whose particular demands he has ignored in the public interest. Therefore we, the generality, who are not vigilant and not belligerent, can be safely ignored.

It might be criticized that I should use this occasion to speak of these things. I make no apology. Democracy is on trial. All these governmental agencies are ours. The bureaucracy that so many inveigh against as so firmly entrenched as to be beyond our reach, is not a Frankenstein. It can be controlled, but it will take congressional courage of rare quality to do it. And by bureaucracy, I mean not only the Government employees in the departments at Washington and in the customs, postal, and other Government services throughout the country, but also the vast machinery for spending money at home and abroad which has been set up under the guise of helping agriculture, shipping, commerce, etc. Some benefit, of course, accrues, but I maintain it is out of all proportion to the money expended.

Part-time employment and salary reductions are important and can be brought about, but they are really only palliatives. They do not go to the root of the matter. In the exceptional circumstances now existing, with millions of our people out of work and in all probability an even worse situation confronting us in the coming year, it is perhaps the best we can hope for now; but Government expenses have got to be cut down, and useless and overlapping services abolished. Numerous efforts have been made from time to time to effect a reorganization of Government offices and services, but there were so many political interests involved, so much patronage threatened, that each time the effort failed and I fear it will fail again if left to Congress. The Presi-

dent, who is especially familiar with this situation, should be authorized to revamp the whole executive machinery. After all, it is his job. He is our Chief Executive.

Let me cite you a few instances of how our expenses have jumped up in five years. I will give you round figures. Take the Department of Agriculture. In 1927 it cost one hundred and fifty-six millions; in 1932 the cost had risen to three hundred and thirty-three millions, an increase of one hundred and seventy-seven millions. Then add the Farm Board outlay of one hundred and fifty-five millions, making the total increase on account of agriculture three hundred and thirty-two millions. The Post Office deficit—deficit, mind you—jumped from twenty-seven millions in 1927 to one hundred and ninety-five millions in five years. The Treasury Department doubled its expenditures in that time from one hundred and fifty millions to over three hundred millions. The War Department increased its outlay by one hundred and twenty-three millions and the Navy Department by sixty millions. The Shipping Board tripled its expenditures, and the Department of Justice more than doubled its demands. The Department of Commerce went from thirty millions to over fifty-four millions. The soldiers'-bonus fund went from one hundred and fifteen millions to two hundred millions, and the veterans and pensions outlay increased over one hundred and sixty-eight millions in addition. In short, the Federal Government's expenses increased in five years over a billion and a quarter dollars.

It is claimed that the comparison of governmental expenditures for the years 1927 and 1932 is unfair because, due to the unemployment situation last year, there were extraordinary appropriations for public buildings, highways, etc., and that if the figures of 1933 are compared with 1927 they will show an increase of only \$750,000,000 in five years. No one yet knows what the 1933 Budget of expenditures will show. But even admitting that they will be kept down to an increase of three-quarters of a billion over 1927, I say it is too much. Instead of an increase there should be a decrease by that amount at least.

The United States Government will close the present fiscal year with a deficit of over \$2,500,000,000. The so-called economy bill, when sent by the House to the Senate a few weeks ago, was a joke. When a manufacturer's sales tax was proposed, which would have helped greatly to balance the Budget and incidentally bring home to all of us a realization of what our Government costs, it was mobbed, and a hodge-podge of taxes of special incidence, which everybody knows will fall far short of our requirements, was substituted. In the hope of soaking the rich, income taxes were increased and may be still further increased. Everyone, except the few ornamental and accidental millionaires, will agree that those who have steadily or even suddenly profited by the rich and wonderful opportunities afforded in this country should pay proportionately, but it is well known that for the past three years incomes have been steadily dwindling, and will dwindle still more if there is not at Washington a clearer sense of the realities of our situation. While the rich should bear and do bear the greater proportion of our tax burden, they can not bear it all, and indeed, if we believe in democracy, should not bear it all.

Every thinking man, every man of heart in this country is preoccupied with the serious unemployment situation. It is estimated that 10,000,000 are out of work and millions more are working only part of the time. Great railroads are not earning any dividends and have difficulty in covering their fixed charges. Car loadings are at the lowest point for years. Industry generally is stagnating. Security prices are going down every day. The banks and insurance companies see their portfolios shrinking weekly. Invested capital, which means the savings of us all, is bringing less and less return. Farm produce and all commodities are selling at zero prices.

The only people not affected are those fortunate ones who are in public employment, those who draw their sustenance from the county, State, or National pay roll, many of whom are performing useless and extravagant services and whose dollars buy much more now than when their pay was fixed. There are too many useless jobs, too many luxury services, a too-lavish distribution of Government money to special groups and sections of our population. When times are out of joint, all sorts of quack remedies are proposed. If our industries, overstimulated by the war years when we were practically the only great country not occupied in wasting our substance, are overbuilt and overmanned, if the land produces too much wheat and cotton, the mines too much lead and copper, if in other words the machines and the land are turning out more than our producing classes and world demand can consume, what is to be done with our excess machine-eliminated man power? Shall the Government attempt to revive industry by artificially providing work and thus make markets for our farm and other products and avoid a social and political cataclysm? A solution along these lines entailing more strain on our Government credit is now being seriously discussed. Everyone knows that borrowing is the easiest road to bankruptcy for nations as for individuals, but it is argued that such loans or credit advances as may be necessary in this connection will be self-liquidating; that they will be for productive enterprises like a tunnel under the East River in New York, improvements in living conditions in our crowded tenement districts, bridges, etc., which private capital after the disastrous experience of the past few years, is now afraid to undertake. Furthermore, it is said that in the present crisis there is no practical alternative; that it is the best way to avoid a winter of discontent and acute distress; that you can not take men and their families away from the cities and factories and get them back on the land; that the efforts of private charity,



splendid as they have been, are no longer able to cope with the unemployment situation; that the States and cities are at the end of their resources; that Government exists for the people and not the people for the Government, and that, therefore, the National Government must provide a few extra billions in credit or cash in order to restart the industrial machine and provide work, or there will be no Government. Extreme pessimists fear we must choose between salvaging the capitalistic system or communism.

When the political leaders of both parties, with the approval, if not, indeed, the inspiration of leading industrialists, seem united in pushing to rapid adoption a plan of such far-reaching assistance to industry and agriculture, with provisions for unemployment relief to be handled by the various States, it may seem ridiculous that one who does not claim to be either an economist or politician should question the wisdom of this governmental underwriting of business, this further administration of oxygen, this new transfusion of blood. Nevertheless, I do not hesitate to say that I do not believe in either the wisdom or the efficacy of these artificial stimulants. We are creating a dangerous precedent and this proposed indirect dole to industry and agriculture will leave us as badly off at the end of the year as we are now and no nearer a fundamental solution of our difficulty. This, it seems to me, has been governmental extravagance, overtaxation, unrestrained overdevelopment of our industry, overconcentration of population in and about the industrial centers and overproduction of goods and commodities generally. If this serious step is going to be taken it should be accompanied, in my opinion, by a thorough, impartial, and comprehensive survey and study of our whole industrial system. Let us find out what is the matter and why these extraordinary measures are necessary, and then set about to correct it.

In discussing this scheme all say that the Budget must first be balanced, but when a Senator from one of our great States characterizes balancing the Budget as a "euphonious aphorism" and when we have seen how difficult it has been to make any real progress in that direction, one becomes skeptical. Naturally, everyone will agree that an adequate plan of relief should be carefully worked out if necessary to prevent suffering and starvation of our people, but in view of the experience of the past two years with the bonus and vast expenditures on public works, all designed to revive business and none succeeding, I believe that relief in whatever form it may be voted should be administered by or through responsible Federal agencies held to a strict accounting for every dollar. This will avoid competition and crowding at the public trough by States and especially by municipalities, many of which are now in financial difficulties for reasons pretty generally known. It may or at least should eliminate political pressure and influence in allocation and above all in distribution of the relief funds. But, I repeat, all this is merely treating symptoms and does not solve or make any provision for the solution of the basic causes of our present plight.

What has taken place in Congress in the past few months, its want of discipline and lack of a sense of its great responsibility in this crisis, is seriously undermining our democratic faith. It has seemed to the average citizen that the obvious steps to take were first to cut down the swollen expenses of government; second, to resist all new charges on the Treasury which were not necessary in the name of humanity; and lastly to levy on a broad, democratic basis the taxes required to balance the Budget. Unfortunately, it is now feared that Congress will not really balance the Budget but will even add, directly or indirectly, still further to our debt and tax burden.

I had thought to make some reference to-day to foreign affairs, reparations, war debt, tariffs and import restrictions, disarmament, and so forth. They are all important subjects and all connected with business recovery here and abroad, but just now they are secondary. Our first and most important duty is to put our own house in order. The faith and credit of the United States are at stake. If our Budget is not balanced and our national credit safeguarded our international prestige and influence and power for good will vanish.

On this field our fathers fought, that under God this Nation should have a new birth of freedom. They triumphed. It is for us, as Lincoln said, to prove their great sacrifice was not made in vain. We can prove it, not by dull acquiescence, with occasional outbursts of indignation, but by a steady and active interest in public affairs, and constant pressure of public opinion on Washington. Our American life to-day is more complex, our interests are more diffuse and intertwined than was ever dreamed of by any political philosopher. With a vast empire, with every variety of climate, with almost every racial strain in our population, we have the hardest task that ever confronted a democracy. Representative government, parliamentary government it is called in Europe, has in many countries been challenged and successfully overthrown and supplanted by military or semimilitary dictatorships, or has degenerated into communism. Even in England, the birthplace of free government in the modern world, stability and national welfare could be guaranteed only by a political truce and a coalition government.

And so again, I say, if we are to emerge from this crisis with our credit, our good name, our international influence, and our cherished institutions intact, we must make our representatives in Congress realize that they hold in their hands not only the fate of this country, but the fate of the democratic system everywhere. If we meet the test, this present time of depression and gloom may come to be regarded as one of the greatest blessings

this country has ever had. We are going too fast. Not only was government too extravagant but industry and finance went completely and speculatively mad in the boom years. The future of the United States in bricks and mortar, in farms and factories, in copper, wheat, cotton, iron, and steel, in all the thousand and one forms of national activity and production was discounted and sold in advance, sometimes wholesale, and sometimes in installments. Billions were recklessly lent abroad by our bankers, and foreign securities now sadly shrunk in value have been scattered over the Nation. But dark days preceded and dark days followed the great battle fought here. The country did not waver then. I do not think, with leadership and clear-eyed courage, it will waver now. These are stirring times; they call for the same quality of courage to lead and courage to follow as Lincoln and our fathers showed in the dark days of the Civil War. They did not take the easy way.

This, my fellow citizens, is a solemn occasion. On this day, because we are met on this historic field, we review in our minds the struggles and vicissitudes of four years of fratricidal strife. We see Lee's great army of splendid soldiers cross the Potomac and bring the war home to us. We see the gallant charge of Pickett's men across yonder fields break itself to pieces against the Federal defenses on Cemetery Hill. We recall what our heroes, who lie about us, and their comrades, most of whom now sleep on the peaceful hillsides of our broad land, did here and on the hundred other battlefields of the Civil War. Our hearts are full of gratitude and reverence. We hear again to-day Lincoln's simple, solemn, sublime confession of his democratic faith.

Are we and our representatives in State and Nation worthy of their sacrifice? Shall we of this day and generation justify his faith?

#### HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 408) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, was read twice by its title and referred to the Committee on the Library.

#### PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, the Committee on Territories and Insular Affairs of the Seventy-first Congress, on May 29, 1930, reported a bill favoring the independence of the Philippine Islands. In the Seventy-second Congress, on February 24, 1932, the same committee after long hearings, reported a similar bill. On March 15, 1932, the House committee reported a bill with, as I understand it, only 2 members dissenting out of 21 members of the committee. The House passed this bill on April 4 with only 47 dissenting votes. The bill was reported to the Senate the following day and substituted for the Senate bill. So the record of the legislation is that the Senate has had before it for two years recommendations of its committee in two sessions of Congress for the independence of the Philippines.

The friends of this measure have realized very fully the distressed condition of our country. We have not occupied the time of the Senate, we have not interposed any dilatory tactics, but we believe that this matter should be settled at the present session of the Congress. On the 25th of May last the distinguished Senator from Oregon [Mr. McNARY], the Democratic leader, the senior Senator from Arkansas [Mr. ROBINSON], the senior Senator from Connecticut [Mr. BINGHAM], who is chairman of the Committee on Territories and Insular Affairs, and the junior Senator from Michigan [Mr. VANDENBERG], who has a substitute pending, all agreed that this matter should be given consideration and disposed of at this session.

Mr. President, pursuing our policy of not interrupting the business before the Senate, I desire to ask unanimous consent that the Senate consider on next Monday and Tuesday nights the subject of Philippine independence. I ask that the request, which I have reduced to writing, may be read at the desk.

The PRESIDING OFFICER (Mr. Fess in the chair). The Senator from Missouri presents a proposed unanimous-consent agreement, which will be read.

The Chief Clerk reads as follows:

Ordered, by unanimous consent, That when the Senate concludes its business to-day it recess until 11 o'clock a. m. Monday, June 20; that at the hour of 7 o'clock p. m. on said day the unfinished business, if any, be temporarily laid aside and the Senate thereupon proceed with the consideration of Calendar No. 630, the bill H. R. 7233, the Philippine independence bill, and continue the same until not later than 10.30, unless it shall sooner be disposed of; that if the said bill is not disposed of by that time, the Senate take a recess until 11 o'clock a. m. Tuesday, May 21; that at the



hour of 7 o'clock p. m. on said day, the unfinished business, if any, be temporarily laid aside and the Senate thereupon again proceed with the consideration of Calendar No. 630, the bill H. R. 7233, the Philippine independence bill, and continue the same until not later than 10.30 o'clock p. m. unless it be sooner disposed of.

The PRESIDING OFFICER. Is there objection?

Mr. COPELAND. Mr. President, reserving the right to object, I desire to say that it seems to me that we lose all sense of proportion when at the end of a session already crowded with measures of great importance to our country we are asked to turn aside to spend the energy of Senators and the time of the Senate for two evenings to consider this particular legislation. If I understand the terms of the bill, the Filipinos will have to wait 20 years for their freedom, anyway, and if they had to 20 years and 6 months, it would not make much difference.

Mr. President, I am quite unwilling, with a relief bill pending, a home loan bank bill pending, and various appropriation bills and conference reports pending, that we should take two evenings of our precious time in the closing week of the session to devote to this particular enterprise. I have no objection to having one evening set apart; I am willing to give my physical energy and time, so far as I am concerned, for that purpose; but I can not conceive it necessary that we should occupy two evenings to carry on further discussion of this particular subject. Therefore, Mr. President, I object.

The PRESIDING OFFICER. Objection is made.

Mr. HAWES. Mr. President, I am amazed that the Senator from New York, for his own personal convenience, should object to the consideration of a bill that has the approval of three great farm organizations of America, of the national dairy organizations of America, of union labor, of all those Senators from the Pacific coast who are interested in the restriction of immigration, and of the American Legion.

Mr. President, if the Senator from New York had read the report of the committee or the evidence heard before three committees, he would know that, with only two exceptions, every witness agreed that a condition of uncertainty exists which is harmful to American interests, and not only harmful but paralyzing to Philippine affairs. The Filipinos can not adjust themselves economically or politically until Congress decides this question.

Mr. McNARY. Mr. President, will the Senator from Missouri yield to me?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Oregon?

Mr. HAWES. I yield.

Mr. McNARY. I do not think the able Senator from Missouri understands the situation. The Senator from New York [Mr. COPELAND] objected to coupling Tuesday with Monday, but he has no objection to Monday evening being devoted to the consideration of the Philippine independence bill. Would not that satisfy the Senator from Missouri?

Mr. HAWES. If that is the best the generous Senator from New York will give to the 13,000,000 people of the Philippine Islands and the great organizations to which I have referred, I suppose I must acquiesce. It was my understanding that the Senator from New York had a constitutional question which he desired to discuss, and one of the reasons why I wanted two evenings for the consideration of the bill was in order to give the Senator from New York all the time he might require in discussing the constitutional question.

Mr. McNARY. I understand the able Senator from New York is willing that the Senate should sit one evening for the purpose indicated by the Senator from Missouri, and I suggest that the Senator accept a compromise to the effect that on Monday evening the session from 7 o'clock until 11 o'clock be devoted to the consideration of the Philippine independence measure.

Mr. HAWES. I know the Senator from Oregon is a friend of Philippine independence and wants a vote on the question at this session of Congress. I yield to the suggestion that Monday evening be devoted to the consideration of the measure.

The PRESIDING OFFICER. The Chair understands the Senator from Missouri modifies his request in accordance with the suggestion of the Senator from Oregon. Is there objection to the request of the Senator from Missouri as modified?

Mr. COPELAND. Mr. President, I did not quite like what the Senator from Missouri said about my friendliness for the 13,000,000 people in the Philippines. I am interested in the 120,000,000 people in the United States who own this property. We have no right to alienate the sovereignty of the Philippines without the permission of the people. It is because of my interest in them that I have asked that the subject might be deferred. However, I have no objection to the present proposal of having Monday evening spent in the consideration of the bill.

The PRESIDING OFFICER. As the Chair understands, the request is that the session for that purpose shall last from 7 o'clock to 10.30 on Monday evening. Is there objection?

Mr. COUZENS. Mr. President, I should like to have the proposal, as modified, read at the desk.

The PRESIDING OFFICER. The clerk will read, as requested.

The Chief Clerk read as follows:

*Ordered*, by unanimous consent, That when the Senate concludes its business to-day it recess until 11 o'clock a. m. Monday, June 20; that at the hour of 7 o'clock p. m. on said day the unfinished business, if any, be temporarily laid aside and the Senate thereupon proceed with the consideration of Calendar No. 630, the bill H. R. 7233, the Philippine independence bill, and continue the same until not later than 10.30, unless it shall sooner be disposed of.

The PRESIDING OFFICER. Is there objection?

Mr. COUZENS. Mr. President, I have no objection to the Philippine Islands independence bill being taken up and voted upon in the regular way; that is, by moving that it be taken up for consideration. I do not feel, however, in view of the matters pending before us and pressing for consideration, that we are justified in making a special order of the bill referred to until it comes up in the regular way. Therefore I shall have to object.

The PRESIDING OFFICER. Objection is made.

Mr. HAWES. Then, Mr. President, I shall make another request for unanimous consent. I send the request to the desk and ask that it may be read.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

*Ordered*, by unanimous consent, That immediately upon the disposition of the bill H. R. 12445 the Senate shall proceed to the consideration of Calendar No. 630, the bill H. R. 7233, to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes.

The PRESIDING OFFICER. Is there objection?

Mr. VANDENBERG. I object.

Mr. COPELAND. It is not quite clear to me what the request is. I understand that objection is made to the request for unanimous consent?

The PRESIDING OFFICER. The junior Senator from Michigan [Mr. VANDENBERG] objected.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House disagreed to the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COLLINS, Mr. WRIGHT, Mr. PARKS, Mr. BARBOUR, and Mr. CLAGUE were appointed managers on the part of the House at the conference.

#### WAR DEPARTMENT APPROPRIATIONS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30,



1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. REED. Mr. President, I move that the Senate insist upon its amendments, that it agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. REED, Mr. JONES, Mr. CUTTING, Mr. KENDRICK, and Mr. McKELLAR the conferees on the part of the Senate.

#### LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which had been reported from the Committee on Banking and Currency with an amendment to strike out all after the enacting clause and to insert:

That (a) the Reconstruction Finance Corporation is authorized and empowered to make loans (1) to States, municipalities and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities of one or more States to aid in financing projects authorized under State or municipal law and which are self-liquidating in character, such loans to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities; and (2) to private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, water-works, and similar projects devoted to public use and which are self-liquidating in character. The aggregate amount of such loans shall not exceed \$1,460,000,000. Such loans shall be made under such terms and conditions, with such security, and in such amounts and for such periods (not exceeding 10 years), as the Reconstruction Finance Corporation may prescribe. For the purposes of this subdivision a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges. The provisions of this subdivision shall apply with respect to projects in Puerto Rico to the same extent as in the case of projects in the several States, and as used in this subdivision the term "States" includes Puerto Rico.

(b) The Reconstruction Finance Corporation is authorized and directed to advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act, not to exceed \$40,000,000, of the amounts made available under section 2 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce, but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products. Any loan or advance made by the Secretary of Agriculture for the purposes of this subdivision may be made with or without security, as the Secretary of Agriculture deems advisable.

(c) All amounts received by the corporation in repayment of any loan or advance under the provisions of this section shall be used exclusively for the purpose of retiring its notes, bonds, debentures, and other such obligations, the proceeds of which are made available for carrying out the provisions of this section.

SEC. 2. (a) For the purpose of providing funds for carrying out the provisions of section 1 of this act the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations in an aggregate amount of not to exceed \$1,500,000,000. Except as to dates of maturity, which may be fixed by the corporation at not to exceed 10 years, such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act.

(b) No loan shall be made by the Reconstruction Finance Corporation under section 1 of this act to any financial institution, corporation, railroad, or other association or organization of a class to which loans may be made under the Reconstruction Finance Corporation act.

(c) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under section 1 of this act, together with a statement showing the loans and advances approved by it. Such reports shall, when submitted, be printed as public documents.

SEC. 3. The Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation act to financial institutions, corporations, railroads, and other associations specified in section 5 of such act, organized under the laws of Puerto Rico.

SEC. 4. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, from the emergency construction fund hereinafter created, the sum of \$500,000,000, which shall be allocated as follows:

(1) For expenditure in emergency construction on the Federal-aid highway system, \$120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this subdivision may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this subdivision shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from moneys payable under regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts, the limitations upon highway construction, reconstruction, and bridges within municipalities contained in section 4 of the act approved May 21, 1928 (U. S. C., Supp. V, title 23, sec. 6b), and the limitations contained in the Federal highway act, as amended and supplemented, upon payments per mile which may be made from Federal funds, shall not apply.

(2) For expenditure in emergency construction on public roads during the fiscal year ending June 30, 1933, \$16,000,000, as follows: (A) For the construction and improvement of national-forest highways, \$5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified under the heading "Improvement of national forests" in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), \$5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (45 Stat. 1053), \$3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), \$1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of the act approved June 24, 1930 (U. S. C., Supp. V, title 23, sec. 3), \$2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

(3) For the prosecution of river and harbor projects heretofore authorized, \$30,000,000.

(4) For the prosecution of flood-control projects heretofore authorized, \$15,500,000.

(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V., title 43, ch. 12A), \$10,000,000.

(6) For the expenditure by the Department of Commerce for air navigation facilities, including equipment, \$500,000.

For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, \$950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, \$2,860,000.

For the engineering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, \$1,250,000.

(7) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, \$10,000,000, of which not to exceed \$300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

(8) For the emergency construction of public-buildings projects in the continental United States outside of the District of



Columbia, to be selected by the Secretary of the Treasury from the allocated public-buildings projects specified in House Document No. 788, Seventy-first Congress, third session, for which no appropriations have been made, \$100,000,000. Such projects shall be constructed within the estimated limit of cost specified in such document, and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

(9) The remainder of such sum of \$500,000,000 shall be available for expenditure upon permanent improvement projects, to be selected by the President, for which appropriations have heretofore been made or shall be hereafter made for expenditures during the fiscal year 1932 or 1933.

(b) The unexpended balance of any sums heretofore or hereafter appropriated for expenditure during the fiscal year 1932 or 1933 upon projects selected under paragraph (9) of subdivision (a), shall be covered into the Treasury as miscellaneous receipts.

(c) No money shall be available for expenditure under this section except in connection with projects in the continental United States outside of the District of Columbia.

Sec. 5. (a) There is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury. For the purpose of providing funds to carry out the provisions of section 4 of this act, the Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States not to exceed \$500,000,000, and to issue bonds therefor, to be known as emergency construction bonds, in such form as he may prescribe. Such bonds shall be in denominations of not less than \$50, shall mature 25 years from the date of their issue, and shall bear interest at such rates as may be fixed by the Secretary of the Treasury, but not to exceed  $4\frac{1}{4}$  per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate, inheritance, and gift taxes, and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

(b) Such bonds shall be first offered at not less than par, as a popular loan, under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commissions shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

(c) There is hereby created in the Treasury a cumulative sinking fund for the retirement of the bonds issued under this section. The sinking fund and all additions thereto are hereby appropriated for the payment of such bonds at maturity, or for the redemption or purchase thereof before maturity by the Secretary of the Treasury at such prices and upon such terms and conditions as he shall prescribe, and shall be available until all such bonds are retired. The average cost of the bonds purchased shall not exceed par and accrued interest. Bonds purchased, redeemed, or paid out of the sinking fund shall be canceled and retired and shall not be reissued. For the sixth fiscal year after the issuance of any bonds under this section and for each fiscal year thereafter, until all such bonds are retired, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of such sinking fund an amount equal to 5 per cent of the aggregate amount of such bonds outstanding on the first day of such fiscal year, and for the fiscal year ending June 30, 1933, and for each fiscal year thereafter, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of such sinking fund, an amount equal to the interest payable on such bonds during such fiscal year. The Secretary of the Treasury shall submit to Congress at the beginning of each regular session (until all bonds issued under this section are retired) a report of the action taken under the authority contained in this section.

Sec. 6. All loans made and all contracts let for construction projects pursuant to this act shall be subject to the conditions that no convict labor shall be directly employed on such projects, and that, so far as practicable, except in executive and administrative positions, no person employed on such projects shall be permitted to work more than 30 hours in any one week.

Sec. 7. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and there-

after to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance therewith."

Sec. 8. (a) A commission is hereby created to be known as the industrial commission, and to be composed as follows: 5 Members of the Senate, to be appointed by the President of the Senate; 5 Members of the House of Representatives, to be appointed by the Speaker; and 9 other persons who shall fairly represent the various industries and employments of the United States, to be appointed by the President, by and with the advice and consent of the Senate.

(b) It shall be the duty of the commission to investigate questions pertaining to agriculture, labor, manufacturing, and business, including domestic and foreign commerce, to report to Congress from time to time, and to recommend such legislation by the various States of the Union and the Congress as will harmonize conflicting interests and be equitable to the laborer, the employer, the producer, and the consumer, and which is calculated to revive trade and promote the general welfare. Upon the completion of its investigation the commission shall submit a final report to the Congress.

(c) The commission may hold hearings and, if necessary, it may appoint a subcommission or subcommissions of its own members to make investigations in any part of the United States; and it shall have authority to send for persons and papers, to administer oaths and affirmations, and to incur necessary expenses, including expenses for clerks, stenographers, messengers, rent for place of meeting, and printing and stationery, in an amount not to exceed \$50,000 per annum for the purposes of this subdivision.

(d) The commission shall cease to exist upon the expiration of two years after the date of enactment of this act. The salary of each member of the commission appointed by the President shall be at the rate of \$3,600 per annum. Each member of the commission shall be allowed his actual traveling expenses.

(e) Any vacancy occurring in the commission by reason of death, disability, or any other cause shall be filled in the same manner as the original appointment.

(f) A sum sufficient to carry out the provisions of this section is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated.

Sec. 9. This act may be cited as the "Emergency construction and relief act of 1932."

Mr. JOHNSON. Mr. President, I submit certain amendments to the pending bill and ask that they may be printed and lie on the table.

The PRESIDING OFFICER (Mr. Fess in the chair). Without objection, the amendments will be received, printed, and lie on the table.

Mr. WAGNER. Mr. President, before I proceed I should like to have read at the desk a letter received by me this morning from Mr. W. H. Matthews, who is director of the Emergency Work Bureau of the City of New York, and who is in charge therefore of relief work in that city. The letter is in response to an invitation to appear on Monday morning before the Committee on Manufactures on the subject of unemployment relief. It is first-hand information, and I think it will be interesting and enlightening to the Senate.

The PRESIDING OFFICER. The clerk will read as requested.

The Chief Clerk read as follows:

THE A. I. C. P.,  
New York, June 17, 1932.

HON. ROBERT F. WAGNER,  
United States Senator, Senate Building,  
Washington, D. C.

MY DEAR SENATOR WAGNER: Most sincerely do I wish that I might be present at the hearing to be held on Monday morning. If one week could be worse than any one of the last four, then this past one has certainly been the worst. A constant stream of people in utmost distress, going from place to place in an effort to get food, to save themselves from eviction and receiving everywhere the same answer, "We can not take care of any new applications." "Half crazy with worry." "Up against a blank wall and don't know which way to turn." "Have been fighting against this thing now for months and can't go on any longer"—these, and other like expressions, are the burden of so many letters that are coming to us. "Work—any kind that will give me a chance to earn something to keep my wife and children fed"—this is the cry of thousands of men whose love of family is just as deep and strong as that of any group of men in the land.

What you and others are proposing now should have been done a year—two years ago. This week we have been holding clinics for the physical examination of children whom we hope to send to summer camps as soon as school closes. "Badly undernourished" appears over the doctor's signature on almost every card. Oh, it is a terrible toll that is being exacted of these children.



Added to that is the ever-increasing despair, hopelessness, and bitterness of men and women who ask only for the chance to earn by work the bare necessities of life.

Do, I beg of you, add my plea to that of others in behalf of these who suffer beyond words.

Most sincerely yours,

W. H. MATTHEWS,  
Director Emergency Work Bureau.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. WAGNER. I yield.

Mr. WALSH of Massachusetts. May I ask the Senator if, outside of private charity, the great and rich city of New York is not furnishing ample accommodation and sufficient food for all who are hungry in that city?

Mr. WAGNER. The letter speaks for itself.

Mr. WALSH of Massachusetts. True; it is a terrible indictment of municipal government that it is possible for people to be hungry in any city in America.

Mr. WAGNER. I think if the Senator will examine into the facts he will find that similar conditions prevail in practically all of the large cities of the country.

Mr. WALSH of Massachusetts. I am proud to say that there is not a city or town in the Commonwealth of Massachusetts where there are persons known to be without food. There are people suffering and sacrificing, and people who need more food, and many unemployed, but the public authorities and private charities are providing ample food for those who really need it and ask for it.

Mr. WAGNER. I am sure the government of New York is doing everything within its power to alleviate this tragic condition, but it must be remembered that in times like these New York is a mecca for thousands of people from all over the country, who come there to seek the aid which they can not receive in their own communities.

Mr. WALSH of Massachusetts. I realize that; and I am aware of some very excellent charities and activities in New York that are supplying food through food kitchens and other private sources, but I can not understand, I repeat, how the authorities of any city can allow a single person living within its confines to be hungry while there is a dollar in the public treasury. The primary obligation of all local governments is, above all other activities, to care for those in want and need.

Mr. WAGNER. Mr. President, with the indulgence of the Senate, I should like to explain in a general way, but I hope not in a lengthy way, the provisions of the bill which is now under consideration, referred to as the unemployment relief bill.

Mr. SMOOT. Mr. President, will the Senator yield for a moment?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. WAGNER. Yes.

Mr. SMOOT. Would the Senator object to my asking unanimous consent for the consideration of the executive and independent offices appropriation bill?

Mr. McNARY. Mr. President, will the Senator from Utah repeat his request? I could not completely understand it.

Mr. SMOOT. I was asking the Senator from New York if he would object to my asking unanimous consent to have considered at this time House bill 10022, the appropriation bill for the Executive Office and sundry independent offices.

Mr. WALSH of Montana. Mr. President, I suppose it is implied that the pending bill will be temporarily laid aside.

Mr. SMOOT. Certainly. I merely wanted to know whether the Senator would consent to the bill being temporarily laid aside for the consideration of the appropriation bill.

Mr. WAGNER. I understand that the consideration of this bill will consume several days; and I think the pending legislation is so important that it ought not to be even temporarily laid aside.

Mr. SMOOT. The Senator, then, does not desire to have it done?

Mr. WAGNER. Not at this time. Undoubtedly after this general statement is made we shall go into the details of

the bill, when the amendments to the bill and the merits will be considered more in detail.

Mr. President, I hope the Senate will be indulgent with me for intruding with a personal reference into the discussion of this vital legislation.

Several days ago the Senate passed the relief bill of which I had the honor to be one of the authors. During the consideration of that bill for the relief of distress among our citizens the very able Senator from Pennsylvania [Mr. REED] uttered a remark which attracted considerable attention. He said:

I believe that the historian of the future who writes, perhaps, upon the decline and fall of the American Republic will point to to-day as one of the milestones upon the road to disintegration of this Government.

Mr. President, that sentence recalled to my mind a very similar scene enacted some 20 years ago in the New York State Senate. On that occasion, too, the violent charge was directed against a measure I advocated that it worked the undoing of the State I represented. We had then just completed an extensive investigation of industrial conditions. We had found a state of affairs which endangered the health, safety, and morals of our citizens. We proposed corrective legislation which was founded on the premise that it was the duty of the State to protect its citizens against the unwarranted hazards to which they were exposed in the course of their honorable effort to earn a livelihood, and that the government was not powerless to discharge that duty.

As that legislation was about to pass my distinguished adversary of that day very solemnly proclaimed the day as "red-letter day" and prophesied that the enactment of the legislation would lead to the disintegration of the American Republic. The law to which he referred, Mr. President, became the nucleus of the factory code of the State of New York, which has become the model and guide for similar legislation in all the States of the Union.

To-day the American flag still flies from the dome of our State capitol; and I am pleased to believe that that humane, enlightened, and progressive legislation has helped to fasten it more firmly than ever to the masthead from which it waves.

No government, Mr. President, has, in my judgment, ever decayed or fallen because it has served the interest of all its citizens, the mighty and the humble alike, with earnestness and devotion. But the dust of ages is composed of the remains of once-glorious civilizations whose rulers wined in gilded places while the great masses of their people were hungry for bread.

For three long years we have allowed the scourge of economic depression to whip millions of our citizens into a misery which words can not portray—into an agony of body and soul as their children go cold and hungry. It is, to my mind, not at all surprising that many of us, both inside and outside of Congress, should be perplexed as to the course to follow. The road ahead is by no means clear. But surely when that is the case we do not serve the national purpose by waiting upon some miracle to assuage the hunger of the destitute or open working opportunities for the idle.

The Department of Labor advises us that over a million families are eating the bread of charity, and these figures apply to but 124 cities containing less than a third of the population. These men, women, and children are not suffering the merited punishment of their own misconduct. They are the victims of a national disaster; and their plight constitutes a national problem which imposes an equal responsibility upon the local, State, and Federal Governments.

Meanwhile the statistical reports published by the Government record the growing paralysis of business. Industrial production is still declining.

In March, 1930, it was 104. In March, 1931, it was 87. In March, 1932, it was 67.

These indices, published by the Federal Reserve Bulletin, reveal the extent to which the blood pressure has been reduced in the arteries of industry.

The number of freight-car loadings have been cut 60 per cent since January, 1930.



The volume of building contracts of all classes in March of 1931 was \$370,000,000. In March, 1932, it was only \$112,000,000.

Since the middle of 1929 prices have month after month continued their downward course without interruption.

In the month of April the total of pay rolls paid out in the factories of the United States amounted to but 44 cents for every dollar that was similarly paid out in 1926.

The figures that I have cited reveal the unprecedented violence of the present business disturbance. It is nevertheless true that depressions are no new experience. Every American generation during the past century has been tested by the fire of at least one major depression. We should have learned something from that experience. Apparently we have not. In the midst of the present situation we are still debating fundamental questions, still doubting first principles.

In the past it has been our habit to let the depression work its havoc with unresisted fury until the recuperative powers of the Nation slowly restored it to health. Following such a course in the past, when the country was largely agricultural, was by no means as serious in its consequences as its pursuit at the present time, when our people are largely urban and industrialized. To-day such a policy involves intense suffering, widespread destitution, physical deterioration, and impairment of morale.

During the past few years a number of efforts have been made which were intended to check the decline. The methods employed were directed toward the stimulation of confidence and the liberalization of credit. These methods have proved insufficient. Confidence was not restored through exhortation; business has not revived in response to the efforts to create more ample credit facilities. It is not difficult to ascertain the reason. When these methods were proposed I expressed the opinion that they were inadequate. They were not aimed at the sore spot of the present situation.

Business men can not operate with confidence as long as prices continue to decline. Business can not resume its stride except in response to a demand for commodities by persons who have the price to pay. Such a demand can not originate as long as hundreds of thousands are destitute and millions of families are without wages. Normal expenditures, even by those at work, can not be expected as long as the prospect of continued employment is uncertain.

How can we break through the impasse created when business waits upon the resumption of demand and demand waits upon the resumption of employment? We have not blasted through that impasse by simply waiting for business to take the initiative. It is now the obligation of the Government to act.

Our problems are to create a demand for commodities, so as to help check further price decline, and to create a demand for labor so as to make purchasing power available in the hands of those who need it most urgently and will use it most completely.

Both of these objectives can be reached by launching a nation-wide program of necessary and productive construction.

The bill which is before the Senate to-day presents a specific proposal for carrying such a program into effect. It contemplates the investment of \$2,000,000,000 in enterprises affected with a public interest. Of that sum, one and one-half billion dollars is to be raised through the issuance of Reconstruction Finance Corporation securities, and all but \$40,000,000 of it is to be employed in financing the construction of income-producing, self-liquidating projects of a public character by States, municipalities, public agencies, and private corporations. Forty million dollars is to be held available for the Secretary of Agriculture to aid in financing agriculture exports where such action would not adversely affect world prices. Five hundred million dollars is to be raised through the issuance of Federal securities to finance an expansion of the Federal construction program.

Before going into the detailed classification of the local and Federal projects to be constructed under the bill, I de-

sire to state the principles which guided the authors of the bill in making their selections. Undoubtedly my colleagues will discuss these provisions more in detail.

First. We desired projects that were readily available and capable of giving prompt employment to large numbers of men.

Second. We insisted that the projects should not add to the already excessive plant capacity of private industry nor aggravate the condition of overintense competition now prevailing in business.

Third. We restricted the projects to be financed with public money to those which are affected with a public interest.

Fourth. We selected projects that are useful and productive, and certain to satisfy a prospective demand.

The outlay of funds for the purpose of financing such a program is not extravagance, but the utmost of prudent economy. It constitutes not an expenditure of income, but an investment of capital. We may be perfectly sure that this depression will not be conquered by tying a rope of panic around every purse. We can not win by continuing the disorderly retreat. It is time to stand our ground and arm to meet the enemy with the only weapon to which he is vulnerable—a program of investment which will create a demand for commodities, labor, and credit, and put purchasing power in the hands of those who will use it to create a supplemental demand for more commodities, labor, and credit.

It may be that our program is not large enough. In so far as it applies to local projects, our undertaking can be enlarged as the need develops. In so far as it applies to the Federal program we must wait before further expansion is possible because we have not yet planned sufficiently ahead to render feasible any immediate increase beyond that contained in the bill.

The proposals which I am now discussing have already received widespread public consideration. There is practically unanimous approval of that portion of our bill which authorizes the Reconstruction Finance Corporation to finance local self-liquidating projects of a public character. Under that provision \$1,460,000,000 will be made available for the construction of bridges, docks, tunnels, waterworks, and similar undertakings of a public character. Whether prosecuted by public agencies or by private corporations, the Reconstruction Finance Corporation must be satisfied in each instance that the project will be made self-supporting and that the construction cost will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

The only criticism I have heard concerning that portion of the bill is addressed to the action of the committee which rendered limited dividend corporations engaged in housing and slum-clearance projects ineligible to receive loans from the Reconstruction Finance Corporation.

When we consider the committee amendments I shall attempt to persuade the Senate that limited-dividend corporations engaged in low-cost housing construction, which are self-liquidating in character, properly belong within the scope and purposes of the bill.

For the present time I desire to address myself to that portion of the bill which has become controversial, the section which provides for an expanded program of Federal construction.

It is well to remember that most of the criticism which has heretofore been leveled against the Federal construction proposal was expressed before this bill was introduced and before the specific schedule of projects which it contains was known. Since its introduction, many who found fault with such a proposal in the abstract have commended and approved it.

The question before the Senate as I see it, Mr. President, is not whether we subscribe to the general doctrine that public works should be timed for construction during periods of depression. The Congress declared its policy in that regard when it enacted the employment stabilization act of 1931. The genuine question is whether an outlay of Federal money is justified for the specific purposes set forth in the



bill. And that question can only be answered by subjecting each of the undertakings proposed in the bill to the test whether in the judgment of prudent business men it is a justifiable investment.

Item 1 in the list of Federal projects consists of \$120,000,000 to be advanced to the States and returned by the States to the Federal Government. That will be explained in detail by the junior Senator from Arizona [Mr. HAYDEN]. The money is to be used by the States to meet their share of the cost of road construction on the Federal-aid highway system. This advance will make possible the continuation of the road program scheduled for the coming year without curtailment for lack of State funds.

The public road system of the country is one of its greatest assets. That the construction of roads constitutes an investment requires little proof at this time. Every gasoline station has become a toll house and every road a revenue producer. I am informed that gasoline taxes collected in 1931 amounted to \$536,397,458. That was in fact the price paid by the motorists for the use of our highways. The public highway system is a productive enterprise in the fullest sense of the word. Its construction should certainly go forward now, when costs are low and when the working opportunities it will open will be a blessing to the Nation.

The same arguments apply to item 2, which makes \$16,000,000 available for Federal road construction.

Items 3, 4, 5, 6, and 7 will permit an expansion and acceleration of the work already authorized and planned for river and harbor improvements, flood control, air navigation, Lighthouse Service, Coast and Geodetic Survey, yards and docks, and Hoover Dam. No attempt has been made to specify the particular river to be improved or the specific lighthouse to be erected. That has been left to the executive departments. It is expected that with the funds made available they will promote precisely the same class of undertakings as are recommended by the President in the Budget and for which appropriations are carried in the current appropriation bills.

The river and harbor work and the Lighthouse Service constitute essential betterments of the Nation's transportation system. They pay for themselves in reduced cost of doing business and in lower freight charges. Only the most deadly pessimist would assume that the need for continued improvement of these arteries of trade has ceased. The Budget submitted by the President contains requests for funds for these very purposes. If it be unwise to prosecute such work, then the budgetary requests ought likewise to be denied. No one would seriously hold that position.

The havoc caused by the last overflowing of the Mississippi River is still too fresh in our memories to permit us to regard the flood-control expenditure as anything but a sound investment. The sooner the whole authorized project is completed the better. Now is the time to expand this employment-giving work to the maximum.

Hoover Dam clearly falls into the class of revenue-producing projects. The Interior Department appropriation bill carries an item of \$6,000,000 for that purpose. The additional \$10,000,000 made available in this bill will permit the normal progress of that gigantic undertaking.

The amount specified for each of the construction agencies I have mentioned was arrived at after consultation with the executive departments and is that which can be efficiently and promptly employed in the present emergency.

Item 8 is directed toward an expansion of the so-called public-buildings program and makes \$100,000,000 available for that purpose. Every possible precaution has been taken to make certain that the buildings to be erected shall meet the test of being necessary for the Government's business. We have excluded from consideration building projects outside of continental United States because they will not provide the necessary employment. We have eliminated all projects in the District of Columbia because a large program of construction is already in progress at the Capitol. We have restricted the proposed buildings to a selection from among those which have already been recommended by the Departments of the Treasury and the Post Office. To these

safeguards has been added the further provision that preference should be given to places where Government facilities are housed in rented quarters, under leases which expire on or before July 1, 1934, or which can be terminated before that date by reason of a cancellation clause. The final choice lies in every instance with the Secretary of the Treasury.

I regard this carefully protected program of building construction as a productive investment. The Federal Government needs buildings to house its activities. It is to-day paying out millions in rentals. I am informed that the Federal Government spends annually \$7,918,533.12 for post-office leases alone where the individual rental is \$6,000 or more per annum. Post-office leases of that class which terminate or can be made to terminate on or before July 1, 1934, require an annual expenditure of \$4,495,740.68. To reduce that type of expenditure by taking advantage of the low production cost now prevailing is both prudent business and economical government.

The total of new Federal construction which can be undertaken under the bill is \$307,060,000. In addition, under item 9, the President is authorized to employ the remaining \$192,940,000 of the emergency construction fund for the construction of permanent improvements for which appropriations are carried in the current supply bills.

The entire program of Federal construction made possible under the bill constitutes, in my judgment, a moderate expansion of the building activities of the Government properly restricted and adequately safeguarded. It imposes upon the Federal Government a modest share of the burden of the present emergency and a portion of the responsibility for initiating the steps toward recovery. Once this bill is passed the Federal work can go forward. No local legislative action can hinder it. No investigation by the Reconstruction Finance Corporation is necessary before it can be launched. The Federal construction is that part of the \$2,000,000,000 program from which we can expect the earliest results.

The issue has been raised, Mr. President, that the Federal construction section of the bill will provide but an insubstantial amount of employment. That charge was made by the Secretary of the Treasury in the course of the committee hearings upon this bill. It is a serious charge. If it is true of the Federal public works, then it is equally true of State, municipal, and private construction. If this assertion has merit, it means not only is the Federal construction section of no avail but that the entire bill will fail of its purpose. That would be the logical consequence of the position taken by Mr. Mills. He finds it, however, perfectly consistent to approve of three-fourths of the bill on the ground that it would afford employment, and to condemn the remaining quarter on the ground that it would not. Surely nothing can be plainer than that the construction of a municipal dock will provide no more and no less employment than the construction of a Federal dock.

At the hearings on June 2 Mr. Mills made a startling statement in reference to the \$100,000,000 set aside for building construction. He said:

In the course of the next 12 months that would provide work for 10,400 men at the maximum.

He repeated that statement at the hearing on June 7, when he said:

I am no expert on this river and harbor work. I do know that the Senator's \$100,000,000 for public buildings would have given work to just about 10,000 men directly and indirectly during the next 12 months, and those figures can not be challenged.

Fortunately, Mr. President, those figures were challenged, and after considerable talk it was revealed that what Mr. Mills had in mind was that he would spend only \$26,000,000 out of the \$100,000,000—and half of that for sites—and that the net remainder of \$13,000,000 would give employment to 10,000 men.

I am sure, Mr. President, that Mr. Mills had no desire to mislead the committee. The inadvertence was caused, however, in my judgment, by an unconscious effort to belittle the effectiveness of this legislation.



It is exceedingly difficult to foretell with precision how many working opportunities will be opened by the pending legislation. I have thus far shunned the responsibility of making an estimate. Nevertheless, in view of the issue raised by Mr. Mills, I have collected several pieces of evidence on that question which I desire to submit to the Senate:

First. On page 15 of the hearings before the Committee on Banking and Currency under date of June 2, Mr. Mills himself accepted as true the proposition that \$120,000,000 spent on road construction would give employment to 100,000 men. That is, it would open 100,000 full-day, full-year jobs.

Second. Dr. Virgil Jordan, economist of the McGraw-Hill publications, stated in New York, on April 12, 1932, that a reduction of \$1,500,000,000 in the amount of public construction would mean an increase of 1,000,000 men in the ranks of the unemployed. His statement appeared in the New York Times on April 13, 1932.

Third. Mr. J. A. Kelly, research director of the Electrical Guild of North America, in a communication dated June 3, 1932, advises that "about 700 men would be employed throughout the year for each \$1,000,000 spent during that year for electrical-construction work."

There is no point in multiplying the corroborative testimony. Taking a conservative view of these figures, it is plain that the \$2,000,000,000 program embraced in the bill should provide one and one-third millions of full-day, full-year jobs. By giving effect to the 30-hour-week clause contained in the bill we increase that number of working opportunities by 60 per cent. In round figures that means that we have the power to open at least 2,000,000 jobs. The Federal construction will, of course, be responsible for one-quarter of that. My only answer to Mr. Mills's contention that he can not get the part which devolves upon his department under way during the coming year is to refer to the act of March 31, 1930 (46 Stat. 137), which authorizes the employment of outside architects and engineers, and to the act of February 26, 1931 (46 Stat. 1421), which prescribes a very expeditious procedure for the acquisition of necessary sites and dispenses with the delays normally incident to condemnation proceedings.

In the figures which I have used consideration was, of course, given the well-known fact that the work of modern construction is not all done at the site. A major portion of the labor is performed in the mines and quarries, in the steel and lumber mills, in the electrical and machine shops in preparing the materials necessary for construction and upon the railroads in transporting them to location. As one witness well expressed it during the hearings before the Committee on Education and Labor—Mr. Fred E. Schmitt, editor of *Engineering News-Record*—"there are no materials of intrinsic preciousness which go into construction." Ultimately almost the entire outlay is spent in the form of wages and profits. These days the portion that goes to profit is very low, indeed.

So far I have spoken of the first effect of the construction dollar. It seems trite to repeat that the wages thus made available do not remain fallow with the workmen who receive them. They are spent and respent for the products of farm and factory, discharging at every purchase their trade-reviving and employment-giving function.

There is another issue involved in the pending bill that I desire to consider. Objection has been raised to the Federal-construction section of the bill, because it calls for a Federal bond issue. I recall that when the proposal for a bonded construction program was first launched the fantastic argument was used that such a bond issue could not be sold. That objection was short-lived. It could not survive in the presence of the record of huge oversubscriptions on every issue of Federal securities, both long term and short term.

We then heard the argument that the flotation of a Federal bond issue would divert capital from private enterprise. That argument, too, could not withstand the logic of the fact that the number of private-capital issues had shrunk

to almost insignificant dimensions. In 1930, \$4,483,000,000 of private corporate securities were issued. That volume shrank in 1931 to \$1,550,000,000. In March of 1931 the volume was \$259,000,000; in March of 1932 it was \$48,000,000.

A new argument has, therefore, been contrived—the argument that the issuance of the Federal bonds would unbalance the Budget. Similarly the erection of the emergency construction fund is condemned as recourse to an "extraordinary budget."

It seems to me that we do not clarify the situation at all by simply playing with words. Of course, the issuance of Federal bonds constitutes borrowing. Likewise does the sale of Reconstruction Finance Corporation securities constitute borrowing. What gives value to both classes of securities is nothing else but the credit of the United States, which is equally behind them.

There can be no doubt that borrowing to pay current expenses would throw the Budget out of balance. That would be true irrespective of whether the borrowing was effected by the United States directly or through its agency, the Reconstruction Finance Corporation. It is equally true that borrowing for the construction of permanent improvements is a capital investment and that the only item which enters the Budget of current income and outgo is the interest and amortization charges made necessary by the bond issue.

What I have said is in accord with general public practice. No private corporation reports a \$10,000,000 deficit when it borrows that amount on long term for the purpose of financing the construction of a new plant. It would have been perfectly feasible to discharge all of the functions of the Reconstruction Finance Corporation through a bureau created for that purpose in the Treasury Department. In fact the Reconstruction Finance Corporation act makes provision that at the end of a stated period the Treasury Department shall take over the functions of the Reconstruction Finance Corporation. Had we dispensed altogether with the corporate structure it would none the less have been absurd to declare that every debenture issued by the Reconstruction Finance Bureau increased the Federal deficit and unbalanced the Budget. If we follow the reasoning of the Secretary of the Treasury, we should be compelled to conclude that that deficit has been avoided by the simple trick of writing the word "Corporation" after the words "Reconstruction Finance."

I can not believe that the stability of national finances depend upon such transparent devices.

It is my view, Mr. President, that the bill which is before us is entirely innocent of the charge that it unbalances the Budget. On the contrary, by eliminating \$193,000,000 from current appropriations for permanent improvements and financing the construction of these improvements through the emergency construction fund, the bill actually helps to balance the Budget and reduces to that extent the present burden of taxation.

Mr. President, the time is more than ripe for the people of the United States to abandon their despair and throw their organized strength into the battle against depression. Through the program of construction proposed in this bill we can build an engine which will help pull us out of the slough in which we have been bogged for three long years. This bill has within it the promise of assistance in setting the wheels of private industry agoing, in causing the channels of trade once more to flow with the commerce of a busy people.

No such national attempt has ever before been made in a deliberate effort to check a depression. We can not lose, for the bridges we engineer, the buildings we erect will add to the permanent wealth of this Nation and we have the world to gain, for we shall contribute to the happiness of our people, conserve their character, and preserve their morale.

Mr. DAVIS. Mr. President, I believe that now is a most opportune time for the Government to proceed with a public-works program, but this work should, by all means, be administered on sound business principles. There should be



no reckless and indiscriminate expenditure of public funds, as, for instance, the construction of a post office in a community where the maintenance of janitor service would cost in excess of the rent now being paid for postal quarters.

A large public-works program will stimulate business—stimulate it with effect that if the program is well worked out and over a period of years, that it will make every business man in America sharpen his pencil to do some figuring that will start the wheels of industry humming.

Most of our bonus marchers would not now be in Washington if they had work. I have talked to numbers of them. They are honest, fearless, straightforward Americans. It humiliates them to ask for relief in any form. They would rather work than take Government help. Yes; they prefer jobs to the bonus. They prefer jobs to any Government relief.

Mr. President, I am not going to make a lengthy address. There is not a Member of the Senate who is not familiar with the needs of the country, and this is not a time for speech making.

Relief has been and always will have to be extended to those who are known as America's needy. If we can stimulate business, it will enable generous-hearted men and women to make donations to that cause. Philanthropists and private charity have been giving about one-fourth of the relief, and the governments, either of State, county, or townships, have been paying practically all the rest. I am told by reliable authorities that there has been expended enough in direct relief to build a highway 120 feet wide from the extreme eastern to extreme western end of the country and from the extreme northern to the extreme southern end of the country.

A sane and practicable public-works program would be reflected advantageously to industry and labor. Construction work always means a stimulation of activity on the iron ranges; the mines; the limestone quarries; cement quarries; lumberyards; iron, steel, and metal foundries; and mills. A cycle of production induces a sympathetic cycle of purchases and sales, which is sincerely sought and sadly needed by the farmer and the merchant.

Not only are the men who work with pick and shovel suffering in this depression but so also are men and women accustomed to luxuries. Many are burdened with debt without the hope of relief. Philanthropists and capitalists who heretofore have made donations to community chests and charitable enterprises are now shorn of their wealth and can no longer make contributions.

Mr. President, it is time for us to begin immediately the work of devising ways and means to provide shelter and food for our unemployed veterans and their dependents during the coming winter. In this very situation there is an apt application of the saying, "In time of peace prepare for war." For the next four or five months we shall be enjoying fair weather. All able-bodied men and women can exist, even under makeshift conditions, through the summer time.

Mr. President, provision for the bitter, cold winter should be begun forthwith. I know what it means to be idle, to need work, to be a traveler, seeking work—yes, Mr. President, to be hungry and to be cold. Of all the discomforts of life, of all of the afflictions which can visit mankind, barren coldness is the most insufferable. History will disclose that uprisings against governments, rebellion against tyranny either occurred in the bitter snow-and-ice-swept months of the year or were born in chill weather.

So, Mr. President, if human misery is to be relieved, the Federal Government must and, I am sure, will do its part. What is there more important than to care for the unemployed? No matter what we may think of the Government extending relief, it must find a way to relieve human misery.

I wish to take this opportunity, Mr. President, to invite the attention of the Senate to House bill 4743, which was passed by the House on May 18, 1932, and was referred to the Senate Committee on Education and Labor, before which committee a hearing was held on June 3. The committee

reported the bill favorably, and it is now on the Senate Calendar, being Order of Business No. 866.

It is most urgent that the pending bill be passed at this session of Congress, because—

First. The cooperating States must certify to their budget directors next November the amount of Federal allotments they will receive and must match them through appropriations to be made at the next sessions of their legislatures, which convene next January?

Second. Appropriations for allotment to the States for the fiscal year 1934 must be certified by the Federal Board for Vocational Education to the President and the Bureau of the Budget prior to December 1 next.

#### RECENT DEVELOPMENTS IN THE PROGRAM OF REHABILITATION

First, Mr. President, in spite of depressed business conditions, 31 per cent more persons were rehabilitated in 1931 than in the preceding year. In addition, 2,455 persons were trained and fitted for employment during that year.

Second. A total of 55,000 persons have been rehabilitated to date. Including their dependents, 150,000 persons have been made self-supporting and freed from dependency, relief, and public charity.

Third. During the year 1930-31 the States expended \$921,626.98 from Federal funds and \$1,098,024.76 from State funds.

Fourth. Forty State legislatures convened in January, 1931, 27 of them increasing their rehabilitation appropriations by the sum of \$400,424.70. In 11 States appropriations remained the same and in 6 there were decreases amounting to \$33,178.84. Thus the net increase in appropriations totaled \$367,245.86.

Fifth. During the present year the cooperating States were allotted by the Federal Government all of the available money—\$1,097,000—and were prepared to match \$65,000 in addition.

Sixth. Despite the fact that a larger Federal appropriation is needed at this time to carry on the Federal-State programs, which have doubled in the number of persons needing rehabilitation in the last three years, the authorization of Federal funds in the pending bill has not been increased.

#### CONTINUED PARTICIPATION BY THE FEDERAL GOVERNMENT IS NECESSARY BECAUSE—

First. At least 10 per cent of the people receiving rehabilitation service were injured while in the employ of the Federal Government—that is, ex-service men, Coast Guard men, longshoremen and harbor workers, men discharged from the Army and Navy, and civilian employees of the Government.

The present rehabilitation act makes it the responsibility of the States to rehabilitate all disabled employees of the Federal Government.

Second. Rehabilitation is more constructive and at the same time more economical than a dole or other form of public relief. The State-Federal rehabilitation program is the only service of organized government for the restoration of disabled persons to self-supporting employment.

Third. The average cost of rehabilitating one person is only two-thirds of the annual cost of supporting one public charge. Public charity therefore, including support of the dependents of the disabled person, is four and one-half times as expensive each year as the average cost of rehabilitating the person.

Fourth. Members of Congress familiar with the rehabilitation service have repeatedly made the statement that there is no Federal money expended which results in more constructive service or more benefit to the Nation than that expended for rehabilitation.

#### RESPONSIBILITY OF GOVERNMENT TO PROMOTE REHABILITATION

Social progress is slow, but we can measure the advancement of our civilization and of our Government by the extent to which we serve our physically handicapped. Citizenship in the United States has come to mean more than it means in any other country, at least for handicapped per-



sons. The rehabilitation law has replaced the law of the survival of the fittest and the law of self-preservation. If we fail to continue this service now, which has been carried on for 12 years, when it is more needed by handicapped persons than at any other former time, it would be a backward step. It would be a repudiation of responsibility. It would appear to be a stepping on the oppressed when they are most severely afflicted.

Rehabilitation is an economical program, a program of constructive relief for the physically vocationally handicapped. Accident and disease are blighting individuals and their homes; and unless something is done to reconstruct these individuals and restore them to economic independence, we are in danger of permitting the development of antisocial attitudes on the part of a large group of persons.

If we withdraw Federal aid for rehabilitation work, persons who live in those States in which the service would stop would migrate to the few States which could serve them. It can only be an economic provision, therefore, for us to continue this constructive service.

Mr. President, it has been indicated that the cost of one rehabilitation is about two-thirds of the cost of one dependent. In one case we are dealing with social resources; in the other case we are dealing with dependency. Sociologists tell us that among the families which are dependent, one family in five is dependent because of the physical handicap of the family's breadwinner.

Our States and philanthropic agencies are giving millions of dollars a year to provide medical treatment for indigent people. They are spending additional millions to educate children who are handicapped. Therefore, if we do not complete the rehabilitation of disabled persons, we have not succeeded after all the investment that we have made. If a child is crippled, he is from birth to the age of 5 a medical problem; from 5 to 16 he is a medical and educational problem; when he reaches adult life, that is the age of employability, he becomes a threefold problem, namely, medical, educational, and vocational. Now, we are spending millions of dollars for material rehabilitation. Last year we spent \$5,000,000 for agricultural experiment stations; \$1,400,000 for the rehabilitation of forest lands; over half a million for the control of diseases of plants and animals, and in addition we appropriate \$79,000,000 for highways. It would certainly seem logical for us to appropriate \$1,000,000 a year for the rehabilitation of children.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

Mr. ASHURST. Mr. President, I offer an amendment to the committee amendment to come in on page 100. I ask the Secretary to read it.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 100, line 25, it is proposed to strike out the word "and"; on page 101, line 3, before the period, to insert a semicolon and the following: "And (3) to Indians residing on Indian reservations whose names are carried on the tribal rolls, for the purpose of furnishing subsistence to said Indians, and such loans to be made on the security of wool produced on the reservation and blankets manufactured on the reservation from wool produced on the reservation"; and on page 101, line 5, to strike out the word "such" and to insert the words "Except as provided in clause (3) of this subdivision, such."

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Montana?

Mr. ASHURST. I yield.

Mr. WALSH of Montana. In order that the discussion of the bill may proceed orderly, I ask unanimous consent that the Senate first consider committee amendments to the bill in their order.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. What is the request?

The PRESIDING OFFICER. The request is that the amendments of the committee be first considered. The

Chair will state, however, that there is only one committee amendment.

Mr. ASHURST. I have no objection to that course.

Mr. NORRIS. I do not understand the request.

Mr. WALSH of Montana. The request is first to consider the committee amendments in their order.

Mr. BULKLEY. There is but one committee amendment.

Mr. NORRIS. There is only one committee amendment.

Mr. ASHURST. I propose an amendment to the committee amendment.

Mr. BULKLEY. I object to the request.

Mr. ASHURST. I have no objection to the request of the Senator from Montana, but I wish to explain my amendment, and I will do so briefly if I may.

Mr. NORRIS. Let me inquire if the request of the Senator from Montana is pending, or was objection made?

Mr. ASHURST. It was objected to.

Mr. WALSH of Montana. I withdraw the request.

The PRESIDING OFFICER. The Chair will again state, in order that there may be no confusion, that there is only one committee amendment, which will be considered as a bill.

Mr. ASHURST. Mr. President, my amendment proposes to extend to the Reconstruction Finance Corporation the power and authority, in its discretion, to make loans to Indians on Indian reservations, whose names are carried on the tribal rolls, and to take as security for such loans wool produced by Indians on Indian reservations, or blankets woven by Indians out of wool produced by Indians on Indian reservations. In northeastern Arizona and northwestern New Mexico there dwell about 43,000 pure-blood Indians. They are and always have been self-supporting. They are a pastoral, and, in a small degree, an agricultural people. For scores of years, indeed, for centuries, these Indians have been flockmasters; they raise sheep and goats, they shear their sheep and goats and weave with their own Indian handicraft a part of the wool crop into beautiful and most useful blankets; indeed, the Navajo Indian blankets are known all over America, and I have seen one of them in Europe.

Owing to what we call the "depression" it has been of late almost impossible for these Indians further to find any market for their wool. By their own skill, patience, industry, and remarkable handicraft they have in the past produced large numbers of these blankets that would in ordinary times sell in the market at from ten to eighty dollars each. There is no market to be found under present conditions; ultimately the market will return, but the Indian must receive credit in the meantime. Hence, my amendment provides that the Reconstruction Finance Corporation, on these securities, viz, Indian wool and blankets, may, if it sees fit, make loans to these Indians to stabilize their goat and sheep raising business.

These Indians are asking no charity, no gift, no bounty, no gratuity. These Indians are upstanding, self-supporting citizens who have felt this depression as keenly as has any other citizen.

Mr. WALSH of Montana. Mr. President, I should like to modify the unanimous-consent request that I proposed a short while ago to this effect—that the bill be considered section by section, in their order, so that when we reach the point at which the Senator from Arizona thinks his amendment is appropriate it may be offered at that time.

Mr. ASHURST. I could not now consent to that. In good faith I obtained the floor. Amendments are in order. I want to oblige my well-beloved seat-mate. It is a privilege, and a distinction as well, to sit near him; but I can not at this time consent that this amendment which I have offered be postponed. I think we shall make progress by treating this bill in the usual way, so that Senators at any time may offer any amendment they see fit. Certainly I do not want to be put into the position of making my argument and then having the matter postponed until some indefinite date.

If the Senator from Montana can point out any good that will come from adopting the committee amendment first,



I shall consider it; but there is only one amendment, and that is a committee amendment. I do not perceive, parliamentarily, how we may proceed otherwise than to go ahead and to allow amendments to the committee amendment.

Mr. COUZENS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Michigan?

Mr. ASHURST. If I have the floor, I yield.

Mr. COUZENS. I think the Senator from Arizona is correct. This measure came from the committee as one bill, comprising amendments to the so-called Garner bill. There are no committee amendments outside of the bill as a whole; and it, therefore, seems to me in proper order to take up any amendment at any time.

Mr. WALSH of Montana. Mr. President, I am not to be understood as objecting on parliamentary grounds to the consideration of the amendment now offered by the Senator from Arizona. If he insists upon consideration of his amendment, of course he is entitled to have it considered and disposed of. I merely suggested that in the interest of orderly procedure we ought not to be jumping from one part of the bill to another part of the bill and back again, here and there, so that we will never know where we stand on the matter.

My idea was that we should take up section 1, for instance, and any amendments appropriate to what is set forth in section 1 might then be considered; and then, when we dispose of that, we might take up section 2, and so on through the bill. Of course no Senator would be precluded from offering any amendments that he saw fit to offer at any time; but the sole purpose of my request for unanimous consent is that each section might be taken up in order and perfected.

Mr. COUZENS. I indorse the position of the Senator from Montana; I did not hear him make the statement previously. It does seem to me that we will never know what section is being considered if we do not proceed along the lines he has suggested.

Mr. WALSH of Montana. Exactly; and I trust, therefore, the Senator from Arizona will defer offering his amendment, and take that course.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. ASHURST. If I have the floor, I yield.

Mr. JOHNSON. The bill proper begins in line 14, page 100, does it not?

Mr. WALSH of Montana. Exactly.

Mr. ASHURST. That is the very place where I propose my amendment.

Mr. JOHNSON. It is in that very paragraph that the Senator presents his amendment—the first paragraph of the bill. In the second line I have two very brief amendments, which I assume will neither take time nor be objected to; but the Senator from Arizona was first on his feet, and his amendment deals with the very first section of the bill.

Mr. WALSH of Montana. Exactly. In that situation, it seems to me that the Senator from Arizona should cheerfully acquiesce in the suggestion I make.

Mr. FLETCHER. Mr. President, if the Senator will yield, the amendment the Senator from Arizona proposes deals with section 1, and if we consent to the proposal made by the Senator from Montana it will not interfere with his offering his amendment.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ASHURST. If I have the floor, I yield.

Mr. NORRIS. If the Senator from Arizona acquiesces in the suggestion made by the Senator from Montana, it seems to me that after we have passed one part of the bill and are taking up some part farther on it will be out of order to go back and offer an amendment to a prior part of the bill.

Moreover, as I understand the parliamentary situation, the House text is subject to amendment before we vote on the committee amendment; and instead of commencing over on page 100, if we followed that suggestion we would commence on page 1, Title I, Relief of Destitution, which is the House text, all of which is subject to amendment.

We have always considered bills just as the Senator from Arizona is considering this one. We have not taken them up in order. If we take the position that these Senators want the Senator from Arizona to take, we will then be precluded logically, when we have acted on an amendment, from going back to any part of the bill prior to the place where that amendment comes in.

It seems to me we are going on in the regular way, and the way in which the Senate always considers these amendments.

Mr. WALSH of Montana. I was endeavoring to proceed in accordance with the well-established practice of the Senate.

Mr. NORRIS. We have no rule here that I know of that prevents any Senator from offering an amendment to any part of a bill at any time.

Mr. WALSH of Montana. However, if there is the slightest objection to what I have proposed, I do not care to press it.

The PRESIDING OFFICER. Is there objection?

Mr. ASHURST. Mr. President, I usually yield gracefully, but this morning I am going to yield without grace.

I said before that it is a privilege and a liberal education as well to sit by the side of the Senator from Montana. Those who do not have that privilege are denied instruction in the classics and in law. I can not say the same for him regarding parliamentary law. In the field of municipal law, and international and constitutional law, and the rule of evidence I bow profoundly and humbly at the shrine of his intellect; but I believe he is in error in this instance with regard to procedure. I never was more convinced of anything than that I am parliamentarily correct, ethically correct, and mechanically correct so far as saving the time of the Senate is concerned, in commencing just where the first line of the Senate bill commences.

If, however, any Senator wishes me to defer offering the amendment, of course I shall do so; and so accustomed am I to being under the influence of the senior Senator from Montana that I shall withdraw the amendment at this time, although for once in my life I surrender when I think I am right.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. COUZENS. I was going to ask the Senator what amendment the Senator from Montana proposes to take up ahead of his, then.

Mr. WALSH of Montana. I have no desire to take up any amendment ahead of the amendment of the Senator from Arizona. My proposal was that the Senate proceed to consider section 1 of the amendment offered by the committee, as suggested by the Senator, on page 100, and then pass on. I do not mean to preclude any Senator from coming back at any later time to offer an amendment to page 100. I simply suggested that we proceed in that order.

Mr. COUZENS. But just what amendment would be pending under the Senator's proposal? There would be no amendment pending.

Mr. WALSH of Montana. If unanimous consent were given, then the Senator from Arizona, who, I understand, desires to amend section 1, could tender his amendment, and it would come up for consideration.

Mr. COUZENS. Mr. President, will the Senator yield further? I think we had better go ahead under the amendment proposed by the Senator from Arizona, because I understand that there is an administration committee working somewhere to propose an amendment to loan money to private corporations. Just what section of this bill that would apply to, I am not informed; so I think we had better proceed with the amendment of the Senator from Arizona.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. WAGNER. Of course, if the Senator is right and that proposal is to be made and it succeeds, it will cover the proposal made by the Senator from Arizona, the amendment he has offered here.



The PRESIDING OFFICER. The Senate will please be in order, so that the Chair can state the proposition.

Mr. ASHURST. Mr. President, I desire to surrender the floor, and I call for a ruling from the present Presiding Officer, Mr. Fess. He has for some years presided over a very numerous and tumultuous body of men, very respectable in character; and with his rich and ripe knowledge of parliamentary law, I shall yield to his opinion.

Mr. CONNALLY. Mr. President, I desire to propound a parliamentary inquiry, and let the Chair rule on it when he rules on the other matter.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. My inquiry is as to whether, the original House bill being before us, amendments to that text are not in order. They would be preferential amendments to the committee amendment, would they not?

The PRESIDING OFFICER. The entire bill is open to amendment.

Mr. CONNALLY. I mean the original House text of the bill. An amendment to perfect the House text would be in order, would it not?

The PRESIDING OFFICER. The Senator is correct. It would take precedence.

The Chair desired to state to the Senate, so that there might be no confusion, that the Senate amendment is treated as one amendment. The House text is open to amendment. If any Senator offers an amendment to any part of the House text, that will have to be considered first, because it is a strike-out-and-insert proposal.

Mr. JOHNSON and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. Senators will please suspend. If the Senate considers the Senate committee amendment as one, as it would have to, it can, if desired, be considered section by section, as the Senator from Montana has suggested; but the result of that would be that the Chair would order the reading of the first section, then if there should be an amendment to it, it would be disposed of, and we would pass from that section and could not return to it without unanimous consent. Otherwise Senators can offer amendments to any section of the Senate bill.

Mr. COUZENS. Mr. President, I think we ought to begin at the beginning of the bill, because I think we ought to reject the committee amendment on lines 3 and 4, page 1, where the committee struck out the language:

That this act may be cited as the "national emergency relief act of 1932."

My view is that that committee amendment ought to be rejected. Then the bill will start out in the manner in which the bill stood as it passed the House. In other words, it would be named what it really is, the "national emergency relief act of 1932." If Senators look on page 100 they will find that there is no title to the bill except as it appears above the enacting clause on page 1 of the bill.

Mr. NORRIS. Mr. President, the Senator from Michigan appears to have the idea that this amendment can be divided up. He says the first amendment of the committee is in line 3. As a matter of fact, it is an impossibility, it seems to me, to divide up the committee amendment. There is but one committee amendment, and while the particular language referred to by the Senator from Michigan is part of that amendment, it is no more a part of it than the lines on page 29, or page 30, or page 50, or page 10. It is all one amendment. There is but one amendment.

Under the rules of the Senate, this being a substitute amendment proposed by the committee, before we vote on that substitute amendment as a whole, which we eventually must do, both the part proposed to be stricken out and the part proposed to be inserted are subject to amendment. So that at the present time it is in order, under our rules, as I understand the parliamentary situation, to offer an amendment to any part of the bill, from page 1 to the last clause in the bill, on page 114. As between a proposed amendment to change the House text and a proposed amendment to the committee text, the proposal to change the House text takes precedence.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COUZENS. I would like to ask the Senator how I would proceed, then, to have retained in the bill the language in lines 3 and 4, page 1.

Mr. SMOOT. Mr. President, it is already in the bill.

Mr. COUZENS. Just a moment.

Mr. NORRIS. The Senator wants to keep it in, instead of having it stricken out?

Mr. COUZENS. Yes.

Mr. NORRIS. He may offer that language, if he wants to, as a preface to the committee amendment, as an amendment to the committee amendment, so that, if the Senator is successful, if the committee amendment is agreed to, he will have his amendment in the measure. When we finally come to vote on substituting the committee amendment, if that is defeated, then the language referred to by the Senator will remain in the bill.

Mr. SMOOT. Mr. President, if the Senator will turn to page 114 of the bill, he will find that that exact language is found in lines 7 and 8. It is transferred from page 1 of the bill to page 114 of the bill.

Mr. NORRIS. I will say to the Senator from Michigan that his language is going to stay in unless it is changed, because it is in the House text and in the Senate committee amendment.

Mr. COUZENS. I stand corrected.

Mr. NORRIS. Mr. President, I want to ask the Senator from New York some questions about this bill, and I apologize for doing so, because I intended to listen to his explanation of the bill, but I was called out under such circumstances that I could not decline, and when I returned to the Chamber, the Senator had completed his explanation.

What expenditure of money, in toto, referring to the Senate committee amendment, is provided for?

Mr. WAGNER. The Reconstruction Finance Corporation is authorized to issue its debentures so as to extend credit of \$1,460,000,000 for self-liquidating projects. Of course, they are of different types, and I shall not attempt to define them in detail.

Mr. NORRIS. In addition to that, as I understand it, \$120,000,000 is provided for the building of public highways.

Mr. WAGNER. May I finish as to the self-liquidating projects?

Mr. NORRIS. Certainly.

Mr. WAGNER. It is proposed that the Reconstruction Finance Corporation be authorized to advance \$40,000,000 to the Secretary of Agriculture for the purpose of financing the export of agricultural commodities. Then \$500,000,000 is provided for Federal public construction, which is to be for buildings, for highways—

Mr. NORRIS. No.

Mr. WAGNER. Yes; \$132,000,000 for highways, \$100,000,000 for public buildings, and the rest to be distributed for river and harbor improvements, flood control, lighthouse construction, and so on.

Mr. NORRIS. How much for flood control?

Mr. WAGNER. There is an additional \$30,000,000, I think it is.

Mr. NORRIS. That is in addition to what has already been provided?

Mr. WAGNER. It is just one-half as much again as is provided in the regular appropriation bills.

May I say to the Senator that that sum was decided upon by the committee after consulting with the head of the department who has charge of this construction work. We inquired of him how much more money he could use this year, how much more he could utilize this year in putting men to work within the year, that we were not concerned with some time in the future. He told us that \$30,000,000 was all he could utilize this year in employing additional men.

Mr. NORRIS. Am I correct in my understanding that only \$120,000,000 is provided for the building of public highways?



Mr. WAGNER. For highways, \$132,000,000 altogether.

Mr. NORRIS. That is to cover the entire United States?

Mr. WALSH of Montana. Let me remark that that feature of the bill is a repetition of what is known as the Almon bill, which passed the House and is now upon the Senate Calendar.

Mr. NORRIS. The point I wanted to bring out was that it appears that there is \$1,460,000,000 for the so-called self-liquidating projects, which means tunnels and projects of that kind, I understand.

Mr. WAGNER. And waterworks.

Mr. NORRIS. Waterworks? What kind of waterworks?

Mr. WAGNER. Water supplies for communities; and even a municipal electric plant, not being self-liquidating alone, could be erected under this measure.

Mr. NORRIS. The great bulk of that would be expended, would it not, in New York City?

Mr. WAGNER. I beg the Senator's pardon. Only a very small portion of it would be spent there.

Mr. NORRIS. How much?

Mr. WAGNER. There are only two projects in New York for which this provision would be available. One is a joint project in which New York and New Jersey are jointly interested, the Forty-eighth Street tunnel, and the other is the Triborough Bridge in New York. Those are the only two I know of in the whole State of New York.

Mr. NORRIS. What will they cost?

Mr. WAGNER. I am sorry I can not tell the Senator.

Mr. NORRIS. How many men will they give employment to? Can the Senator give us any information about that?

Mr. WAGNER. I can not tell; but quite a number. As a matter of fact, so far as the so-called Forty-eighth Street tunnel is concerned, unless that work is proceeded with, the port authorities in New York will have to dismiss a great portion of their engineering force.

Mr. NORRIS. I do not want the Senator to get the idea that I am criticizing these works.

Mr. WAGNER. I think it is an unfair impression to create that New York is particularly interested in these self-liquidating projects.

Mr. NORRIS. I have no objection if New York is, but I want to get the facts. I am inquiring for information.

Mr. WAGNER. I think the Senator from California can tell the Senator of some projects in California.

Mr. NORRIS. I have no doubt about it. The Senator must not get the idea that I am asking my questions for the purpose of criticizing the various projects. It may be that I will feel like criticizing some of them when I get the information.

Mr. WAGNER. What I was afraid of was that those outside might get the impression that this was particularly meant for New York.

Mr. NORRIS. Mr. President, I want to consider this bill, and it seems to me that we all ought to have this measure in mind as an unemployment proposition. I want to, if I can, get as much good as possible for the people of the various communities, or the country at large, from this unemployment measure, that is true. I want to secure the employment of the unemployed where their work will redound to the benefit of the people. But, in the main, as I understand it, we are trying to pass something which will furnish jobs to the unemployed.

Mr. WAGNER. That is exactly it. That is the sole object of the legislation.

Mr. NORRIS. If such a thing were possible, having all the unemployed put to work in one State would not make any difference to me, if that could be done properly, but I think it is perfectly evident that the best way to take care of the unemployment is to provide jobs, as nearly as we can, all over the country, so as not to rush the unemployed to one community, or one locality. We should try to keep the employment distributed, if we can.

It seemed to me that one of the things that would give employment to the unemployed more than any other one thing would be the building of highways. I am not married

to that idea, by any means. If there is any other plan that will result in giving more employment for the money expended, regardless of where it would be carried out, I would be for it, but I am struck with this idea, that the great bulk of the money provided for in this measure apparently will go to a very few localities.

I am not objecting. I do not want the Senator from New York to get the idea that I am objecting to that. If those particular things will result in the employment of the unemployed, I am in favor of them, regardless of where they are located. I would like to have jobs given to as many people as possible for the amount of money expended. But it does seem to me that the amount of money allocated to the particular so-called self-liquidating projects is much larger than could be very meritoriously allocated to the building of public highways all over the United States, for instance. I am not objecting that this is too much, except in proportion to the amount the bill seems to set aside for the building of highways. Rather than decrease this amount for the so-called self-liquidating projects, I believe we ought to increase the amount for other projects covered by the bill, particularly for the building of highways. It would make a bigger job of legislation, and if I have any criticism, with the limited knowledge I have of the bill, it is that it is not big enough, is not broad enough, does not take a national view, it seems to me, of the great unemployment situation, and will not give employment to enough people to have the right kind of effect, the effect I think our bill ought to have. It seems to me, much as we may regret it, we will have to increase the size of the bill very greatly.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. WAGNER. May I say this to the Senator, that I have in my office, and unfortunately it is not here, a list of projects of this self-liquidating character, and I think when the Senator examines it he will be surprised to see how well distributed the projects are throughout the country.

Mr. NORRIS. I shall be very much delighted to learn that.

Mr. WAGNER. I do not know how much the Senator's own State would benefit, but generally it is pretty well distributed in municipalities and public corporations created by different States undertaking particular kinds of projects which employ great numbers.

As to the percentage of dollars that would go to the worker, I have here a statement of the percentage, collected by the Society of Civil Engineers, so this is from an authoritative source. It says that in concrete road construction 77 per cent of the cost goes to wages. In general road construction, 76 per cent goes to wages. In general construction, 80 per cent goes to wages.

Mr. NORRIS. What does general construction mean?

Mr. WAGNER. That would mean buildings, other things than roads. Then, water works, 91 per cent.

I have a list of some communities which have undertaken to supply water to their residents instead of having private companies do it. They have had to abandon the projects for the time being, because they were unable to sell the bonds. If we can help such communities we serve a health purpose, and we serve an employment purpose, because 91 per cent of the benefits of that sort of construction go directly to the workers.

The Senator sees the disproportion between the amount provided for Federal construction and that provided for self-liquidating projects. It does not have in mind highways, because those are planned by the States. Outside of that the difficulty is that we can not get any more Federal projects which we can justify as reasonably necessary because they have not been planned sufficiently in advance so we can now put men to work. As a matter of fact, Congress enacted a law which became effective in February, 1931, under which the Government was directed to prepare in advance its public-construction program so that in case an industrial slack came in private industry we could accelerate public construction so as to help take up the slack. If that law had been obeyed we would have been in a much better position



now to accelerate public construction. I am sure my colleagues who worked with me in the preparation of this bill will agree that we were unable to find any other public construction where we could say in truth that the undertaking would put men to work at once. I am speaking of Federal work.

Mr. NORRIS. Let me say a few words in reply to the Senator from New York, who has been endeavoring to answer my question. He has been talking about public works other than public roads. The particular thing about which I was inquiring, or at least that I had in mind, was to call attention to the fact that the bill provides for a very small amount of money to be expended for the building of public roads as compared to the so-called self-liquidating projects that are provided for in the bill. The remarks which the Senator has made about the lack of preparation and lack of information which the committee found in regard to these other things I do not think apply, and I do not think the Senator wants them to apply to the public-roads question.

We have the machinery already in operation for the construction of public roads. It would have to be enlarged somewhat, but the nucleus of the machinery is all there. I remember that figures were given early in this session, showing the percentage of labor that goes into the various kinds of public improvements. As I remember the statistics which were given to the Senate at that time, public roads had the largest percentage of labor involved of all public improvements. The figures which the Senator has presented are somewhat different. Of course, I can see how a so-called expert working out the figures could take the viewpoint that would cut them down. For instance, in the matter of public roads it is not only the men who are working on the roads themselves, but it involves the men in the factory who are building the machines which are necessary and the men in the factories who are making the cement. It involves also the transportation facilities which have to carry the machinery and the materials all over the country and which employ a number of men, all of which involves a great deal of labor. What I was trying to do was to lay the foundation, if possible, for an enlargement of the program somewhere. It seems to me the most inviting field for the enlargement is in the matter of public roads.

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield.

Mr. WALSH of Montana. I share the view expressed by the Senator from Nebraska that probably the only form of public works which we can authorize which will give employment to labor in all sections of the country is road work. I advanced that view earlier in the session when we had the La Follette-Costigan bill under consideration and endeavored to secure liberal appropriations for work of that character.

With respect to the disparity, however, in this bill between the amounts appropriated for public roads and the amounts for self-liquidating projects, I must invite the attention of the Senator from Nebraska and of the Senate generally to the fact that the appropriations for self-liquidating projects are supposed eventually to return to the Treasury every dollar that is taken out of it. Those are loans which are to be made for projects, and the loans are to be repaid, so that it is expected eventually—at least the theory of the thing is that eventually—the Treasury will not be out a dollar.

So far as the road program is concerned, that is money out of the Treasury which never comes back. We simply provide to advance now the funds for roads, the appropriations to be made immediately instead of from time to time in the future. So there is that distinction which will justify as a matter of course a very much larger figure for self-liquidating projects than for roads.

I might say with respect to the road proposition that I have a letter from a very thoughtful and highly intelligent constituent, who writes:

I do not wish to bother you too much, but it seems to me that the only way Montana can derive any good from relief or construction legislation is through the appropriation of emergency

money for highways. I very much doubt if Montana will borrow any money for any other purpose. Road money can be immediately transformed into assistance for unemployment. It is the only method where money can be put into production and not flood the market. It, of course, should be distributed under the Federal highway act, which is a proven statute.

That shows the views taken in my State, in which I share, with respect to the roads. In the preparation of the bill which has now become the committee amendment—the bill introduced by the Senator from New York [Mr. WAGNER] some time ago and drafted by a group of us—we just adopted the bill which came over from the House providing for relief work in the way of highway construction. We have made no change in it whatever. That bill was pending here and we simply took it and incorporated it in the bill now pending. That bill has already passed the House and it signifies what the House is willing to do in the way of road construction.

I should not object at all to expanding that. Indeed, I proposed \$375,000,000 for road construction in connection with the La Follette-Costigan bill and my recollection is the Senator from Nebraska offered such an amendment which was incorporated in the bill. We are seeking to have a bill passed that has some chance of approval by the other House and by the Executive. Under these circumstances I do not feel like enlarging the amount of the appropriation carried in the Almon bill and made a part of this bill.

Mr. NORRIS. I thank the Senator for his suggestion. I do not want to get away and I hope the Senate will not get away from the fact that the real thing we are trying to accomplish is to provide jobs for the unemployed. That is the first and primary purpose. If we do not do that, it means that the unemployed will have to be supported from charity. If local authorities can not provide the means—and they have about exhausted all their resources in that respect—then the Federal Government must do it. I think that is a proposition to which everybody will agree. If we do it in the way of charity we get no return, we get nothing back for the expenditure of our money. If there is no other way to do it, of course I would be in favor of doing it that way.

Of course, the unemployed must be fed and must be taken care of. If while we are taking care of them we can get something back for the country, then so much the better for the country and so much the better for the unemployed. It is going to be humiliating in the extreme for millions of the unemployed to accept charity. They want work, they want jobs, and so we ought to provide jobs for them. Even if we do not get back 100 per cent of our investment, we ought to provide jobs. Even though the works provided are not perhaps needed at the present time, nevertheless the main object is to provide work for the unemployed.

Incidentally while we are providing it we want to get as much good out of the work they do as possible and save them from the humiliation of becoming subjects of charity. Therefore it seems to me that we ought to present a bigger program than that for which the bill makes provision. It is all right to follow the House in something they have already passed and it is all right to favor the President and get something that he will sign. However, those are all incidents. They are only incidental. What we ought to do is to provide a program that will do the work.

We have a bigger job on our hands than we realize, I believe. The expenditure or the authorization of the expenditure of the amount of money provided in the bill will not, in my judgment, do the job. We ought to present now a program that is broad enough and big enough so that the ordinary business man and every other man who is hesitating in some business enterprise will realize that here is something that is going to accomplish the purpose and do the job and get rid of unemployment. He will start up in his business, he will start up in his operations, and it will all help. But if we stop with a program that everybody can see in advance is not going to accomplish the desired end, it will not be any inducement for anybody to start up in his business operations.

Mr. LA FOLLETTE. Mr. President, I wish to say, in response to the suggestion made by the Senator from Ne-



braska concerning a broad program, that I have introduced amendments, which are now lying on the table, to provide for a five and a half billion dollar program, and it may interest the Senator—and I hope he will give the amendments consideration—that in connection with that program there is provision made for highway construction and reconstruction and grade-crossing elimination up to an amount not to exceed \$1,000,000,000.

Mr. NORRIS. I am glad to hear the Senator say that. I had in mind the preparation of an amendment along that line, but I will be relieved of that work and will be glad to follow the Senator from Wisconsin.

Mr. WAGNER. Mr. President—

Mr. NORRIS. I yield to the Senator from New York.

Mr. WAGNER. I was going to say to the Senator that I think that he will agree that the projects which have been provided for, including highways, are the type of undertakings which will give the highest percentage of employment.

Mr. NORRIS. I want to invite the attention of the Senator again to the fact that the questions I have asked have been asked in no critical sense whatever.

Mr. WAGNER. I understand that.

Mr. NORRIS. I want to help, but I also wanted to call attention to what I believe to be the infirmities of the proposition now before us.

Mr. WAGNER. That is as to highways.

Mr. NORRIS. Yes; and as to any other proposition. I am not wedded to highways. If anybody can suggest any other method that will afford more jobs, I will follow it; and if the jobs all go into one State, I will follow it; but I should like to have them distributed. I think, everything else being equal, the work should be distributed over the country, because I think if we would give a broader scope along geographical lines in the matter of providing employment the better the results would be. I would not want employment opportunity concentrated in one section, unless that is necessary, although I concede that is better than nothing.

Mr. WAGNER. Perhaps it is a reiteration, but, may I say to the Senator again, an examination of the list of available self-liquidating projects will, I think, persuade him that those projects are pretty well distributed throughout the country. Of course, we know that the worker at the site of a particular construction undertaking is not the only worker who is benefited, but the construction of projects benefits workers in the mines and the factories, and finally agriculture indirectly will have an advantage because of the increased consumption of food.

As to the highway-construction program I will not quarrel with the Senator, because if he will examine a bill that is now on the calendar, reported by the Committee on Manufactures some months ago, providing for direct relief and also for employment, he will see that it contains a provision for \$375,000,000 for highway construction. However, I have a practical question in mind; I really want to see legislation enacted. Even though it may not go to the limit to which I would like to see it go, and though it may not be quite as adequate as I should like to see it, I am praying for a start somewhere, and I do not want to be in a position of advocating legislation which I am told ahead of time will not be approved.

Mr. NORRIS. That has something to do with it; I understand that; and I realize that the President of the United States at the beginning was opposed to everything of this kind. He did not want the Federal Government to do anything; he wanted the local charitable organizations to take care of all these problems. I suppose he is convinced by this time that that is an impossibility; in other words, that the will-o-the-wisp known as prosperity is a good deal farther away than he thought it was. We have been around all the corners that he led us and we have not found it. He is convinced, undoubtedly, by this time that he must enlarge his program somewhat. We ought to pass a bill that will do the work and let him take the responsibility whether he will veto it or not; and if he vetoes it, we ought to pass it over his veto. People are learning every day; the President is a human being and will learn, too, and probably has learned by this time, that his method of meeting the unem-

ployment situation as he started in is entirely inadequate; that it will not accomplish the purpose; and so he will broaden out his ideas. I do not know any reason why we should be afraid to do what we think is right on the theory that he is going to veto it.

Mr. GLENN. Mr. President—

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. GLENN. If the Senator from Nebraska will permit me, I should like to make a few brief observations about the highway situation.

Mr. NORRIS. If the Senator would just as lief, I am about through, and when I conclude the Senator can then take the floor in his own right.

Mr. WAGNER. Mr. President, will the Senator from Nebraska yield for a question?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. I yield.

Mr. WAGNER. Has the Senator, outside of the suggestion of an increased appropriation for highways, any other suggestion to make as to what other Federal public works may be added to this program as to which we may have some assurance that men will be employed at once or within a reasonable time?

Mr. NORRIS. I have not anything else in mind. As I look at it, highway construction is one of the great avenues in which the Federal Government can do good of a lasting kind to the people and give employment to more men for the money expended, I think, than in any other way. It has the additional advantage that it spreads all over the United States. I do not believe, Mr. President, that the depression is going to disappear in the next few months or within the next year. Perhaps it will; we would be delighted if it should; but we ought to fight it like we fought the war.

When we got through with the war we had many things on our hands because we did not know when the war was going to end and we could not take a chance by assuming it was going to end to-morrow and when to-morrow should come if the war did not end find ourselves unprepared to carry it on. And so it is with this fight. We ought to be prepared by providing several years of work. That will have a psychological effect, and that ought to appeal to the President of the United States, who is a great student of psychology, although he probably has lost some of his interest in it because of the failure during the last year or so of a good many of his promises to come true. If we are prepared to meet this emergency by a program that is large enough to meet it, that very fact itself will have a wonderful psychological effect upon the temperament of the people and upon the entire business activities of the United States.

Mr. LA FOLLETTE subsequently said: Mr. President, in view of the fact that some discussion was had of the amendment I intend to propose during the time when the Senator from Nebraska [Mr. NORRIS] was addressing the Senate, I ask unanimous consent that that amendment may be printed at the conclusion of his remarks for the information of those Senators who may desire to study it over the week-end.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment is as follows:

Amendment intended to be proposed by Mr. LA FOLLETTE to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, viz: On page 100, strike out lines 14 through 25; on page 101, strike out lines 1 through 17; on page 102, strike out all after line 7; strike out all of pages 103, 104, 105, 106, 107, 108; on page 109, strike out lines 1 through 5; and in lieu thereof insert the following:

"That it is hereby declared to be the policy of the Congress to provide for the more effective conduct and administration of Federal public-works activities; that, during the period of emergency hereby recognized to exist, public-works expenditures should be largely expanded in order to stimulate production and business activity and to alleviate unemployment; and that in pursuance of this policy it is the desire of Congress that the expenditure of the emergency funds made available by this act shall be



governed, in the discretion of the Administrator of Public Works, provided for in section 2, by the following considerations:

"(1) Facility with which projects may be gotten under way at the earliest possible date.

"(2) Amount of labor that will be employed, directly or indirectly.

"(3) Number and diversity of the industries which will be affected, directly or indirectly, by said projects.

"(4) Value of the projects to the economic and social welfare of the country.

"(5) Economical administration of the work.

#### "ADMINISTRATION OF PUBLIC WORKS

"Sec. 2. (a) There is hereby established at the seat of government and Administration of Public Works, under the direction of the Administrator of Public Works. The Administrator of Public Works shall be appointed by the President, by and with the advice and consent of the Senate. He shall receive a salary at the rate of \$15,000 per annum, and his term and tenure of office shall be like that of the heads of the executive departments.

"(b) The administrator—

"(1) Shall maintain the principal office of the Administration of Public Works in the District of Columbia, and such other offices in the United States as in his judgment are necessary.

"(2) Shall cause a seal of office to be made for the Administration of Public Works, of such device as the President shall approve, and judicial notice shall be taken thereof.

"(3) Shall make such rules and regulations as may be necessary to carry out the provisions of this act.

"(4) Shall make annually, at the close of each fiscal year, a report in writing to Congress, giving an account of all moneys received and disbursed by him and the Administration of Public Works, describing the work done by the Administration of Public Works, and making such recommendations as he shall deem necessary. He shall also make from time to time such special investigations and reports as may be required by him by the President or either House of Congress, or as he himself may deem necessary and urgent.

"(5) May appoint and fix the compensation of such assistant administrators and technical and scientific experts, and, subject to the provisions of the civil service laws, may appoint, and, in accordance with the classification act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to execute the functions vested by this act in the Administrator or the Administration of Public Works.

"(6) May make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as is necessary to execute the functions vested in the administrator or in the Administration of Public Works. Such expenditures shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the administrator.

#### "EMERGENCY-CONSTRUCTION PROGRAM

"Sec. 3. To meet the emergency hereby recognized to exist, there is hereby authorized to be appropriated the sum of \$5,500,000,000, to be immediately available for expenditure by the Administrator of Public Works in the manner hereinafter provided.

"Sec. 4. In carrying out the emergency-construction program, the administrator—

"(1) May appoint advisory boards and committees to advise and confer with him. No salary shall be paid to board or committee members, but when attending meetings or engaged in other activities at the request of the administrator they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government.

"(2) May hold hearings and require, by subpoena, the attendance and testimony of witnesses and the production of books, papers, and documents and may administer oaths. In case of disobedience to any subpoena the administrator may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents.

"(3) Shall submit monthly to the President and to the Senate and House of Representatives (or the Secretary of the Senate or the Clerk of the House of Representatives, if those bodies are not in session) a full and detailed report of the emergency activities and expenditures of the Administration of Public Works, together with a statement showing the condition of the funds administered by him. Such reports shall, when submitted, be printed as public documents.

"Sec. 5. That administrator is authorized to deduct from any appropriation made pursuant to the authorization contained in this act so much thereof as he deems necessary for the expenses of the Administration of Public Works in carrying out the emergency provisions of this act. The remainder of any such appropriations shall be available for expenditure for the purpose hereinafter set forth, upon allocation by the administrator in accordance with and in furtherance of the policy set forth in section 1 of this act, so far as the administrator deems feasible.

"Sec. 6. In addition to the regular appropriations for the public works hereinafter specified the administrator may expend for such public works a total of not to exceed \$650,000,000 of the amount authorized in section 3 as follows:

"(1) For the preservation and maintenance of existing river and harbor works and for the prosecution of such projects heretofore and hereafter authorized as may be most desirable in the interest of commerce and navigation, and for the prosecution of

flood-control projects heretofore or hereafter authorized, not to exceed \$200,000,000;

"(2) For carrying into effect the provisions of the public buildings act, approved May 25, 1926, as now or hereafter amended and supplemented, in respect of public buildings within and without the District of Columbia, not to exceed \$275,000,000;

"(3) For the construction and reconstruction of forest roads and trails, not to exceed \$50,000,000;

"(4) For the prosecution of irrigation, drainage, and reclamation projects heretofore or hereafter approved in accordance with law, not to exceed \$25,000,000;

"(5) For repair and remodeling of existing buildings and structures, and for miscellaneous Federal public works, in the discretion of the President, not to exceed \$100,000,000.

"Sec. 7. In addition to the regular appropriations for Federal-aid highways, the administrator may allocate an additional \$1,000,000,000 of the amount authorized in section 3 for the construction and reconstruction of highways in the manner hereinafter provided, which shall be available for expenditure upon highway projects approved by the administrator, as follows:

"(a) Not to exceed \$500,000,000 of such amount shall from time to time be apportioned by the administrator among the several States in the manner provided by section 21 of the Federal highway act, as amended and supplemented, and shall be available for expenditure in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of the Federal highway act, with the following exceptions:

"(1) The limitation of payments permitted by said act shall be increased to \$50,000 per mile, exclusive of the cost of bridges of more than 20 feet clear span;

"(2) Any amounts apportioned to any State not claimed by such State shall be available for payment to States who are able to proceed with construction over and above their apportionment;

"(3) Such funds may be used as a temporary advance to meet the requirements of such act as to State funds, to be reimbursed to the Federal Government over a period of five years, commencing with the fiscal year beginning next after the termination of the emergency, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act.

"(b) Not to exceed \$150,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of highway bridge construction, without regard to the provisions of the Federal highway act limiting the expenditures of Federal funds to bridges outside certain municipalities.

"(c) Not to exceed \$250,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of railroad grade crossings.

"(d) Not to exceed \$100,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of highway grade crossings and construction of by-pass roads.

"Sec. 8. (a) The administrator may allocate not to exceed \$3,750,000,000 of the amount authorized in section 3 for the purpose of making loans to States and their civil subdivisions for (1) construction of Federal-aid highways; (2) construction of other State, county, and municipal highways, streets, and pavements; (3) construction of bridges; (4) construction of water-supply and sewerage works; (5) construction of flying fields, exclusive of purchase of lands; (6) establishing of parks and playgrounds, exclusive of purchase of lands; (7) construction of public buildings; (8) elimination of grade crossings; (9) reforestation and fire prevention, exclusive of purchase of lands; and (10) other construction of a public or semipublic character.

"(b) Loans made under the provisions of this section shall be for periods of not more than 10 years, at a rate of interest three-fourths of 1 per cent above the average rate at the time of making the loan for the bonds issued theretofore under the provisions of this act, but in no event to exceed 5 per cent. No loans shall be made under the provisions of this section except upon the approval of the finance board created by section 10.

"Sec. 9. The administrator may allocate not to exceed \$100,000,000 of the amount authorized in section 3 for the purpose of making loans to limited-dividend corporations created solely for the erection of housing, on projects for housing families of low-income levels, such projects to have the approval of the administrator with respect to (1) the financial structure and the limitation of the dividends of the corporation, and/or (2) the limitation of the rentals to be charged, and/or (3) the location and plan of the project with respect to city plans, slum clearance, and the rehabilitation of blighted areas in cities, and/or (4) the replacement of housing now unfit for healthful habitation, and/or (5) the guaranties under State or municipal laws and administration of adequate control, and/or (6) the senior or other financing of the project, and (7) such other considerations and safeguards as the administrator shall deem necessary or expedient. Such loans shall be made upon the same terms and conditions as loans made under section 8, except that such loans may be for periods of not more than 30 years, and may be amortized serially within such limitation of time.

"Sec. 10. There is hereby created an emergency finance board, to be composed of three members, appointed by the President, by and with the advice and consent of the Senate. One of the members of the board shall be experienced in State and municipal finance, one shall be experienced in housing construction, and one shall be experienced in banking and finance generally. All appli-



cations for loans under sections 8 and 9 shall, subsequent to their approval by the administrator, be referred to the board for its approval. In acting upon such applications for loans the board shall take into consideration (1) the financial condition of the borrower and (2) the ability of the borrower to obtain funds at reasonable rates from other sources. No salary shall be paid to board members, but they shall be paid from funds available for the administration of this act a per diem compensation not to exceed \$20 for time devoted to the business of the board, and necessary traveling and subsistence expenses or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The members of the board shall serve during the continuation of the emergency.

"Sec. 11. Appropriations authorized by section 3 shall remain available until expended or until the index of industrial production, as now computed, of the Federal Reserve Board reaches index No. 95. Thereafter the administrator shall make no new commitments, and shall have the emergency powers conferred upon him by this act only so far as may be necessary to complete contracts already under way and liquidate the emergency affairs of the Administration of Public Works."

One page 109, line 13, strike out "\$500,000,000," and in lieu thereof insert "\$5,500,000,000."

Mr. ASHURST. Mr. President, although many of those who were objecting to my amendment have left the Chamber, in order to make some contribution to progress on the bill I am willing to withdraw my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Arizona is withdrawn.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. I am through and yield the floor.

Mr. REED. Mr. President, in the bill as passed by the House there are a considerable number of authorizations for necessary Army housing. I do not understand that the committee had any objection to these items, but it struck them out along with the remainder of the House provision. In order that the matter may be in conference I am going to offer substantially the same list of items as an amendment to this bill, and I understand the Senator from New York will make no objection.

Mr. WAGNER. Mr. President, may I ask the Senator what is the total of the appropriation involved?

Mr. REED. The total is \$15,335,000, the same as in the House bill. I send the amendment to the desk and ask for its adoption.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 114, after line 6, it is proposed to add two new sections, as follows:

There is hereby authorized to be expended not to exceed \$15,335,000 out of the fund provided in paragraph (9) of section 4 of this act for the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, as follows:

Albrook Field, Canal Zone: Quartermaster maintenance building, \$20,000; post exchange, theater, and gymnasium, completion of, \$42,000.

Barksdale Field, La.: Noncommissioned officers' quarters, \$252,000; officers' quarters, \$609,000; barracks, \$474,000; hospital, completion of, \$225,000; garage, completion of, \$830,000; quartermaster warehouse, completion of, \$15,000.

William Beaumont General Hospital, Texas: Noncommissioned officers' quarters, \$7,000; warehouse, \$15,000.

Fort Benning, Ga.: Barracks, \$650,000.

Fort Bliss, Tex.: Noncommissioned officers' quarters, \$50,000; officers' quarters, \$150,000.

Bolling Field, D. C.: Noncommissioned officers' quarters, \$54,000; dispensary, completion of, \$30,000; post exchange, theater, and gymnasium, completion of, \$45,000; officers' mess, \$50,000; enlargement of central heating plant to provide for quarters area, \$95,000.

Fort Bragg, N. C.: Barracks, completion of, \$40,000; noncommissioned officers' quarters, \$160,000.

Carlisle Barracks, Pa.: Heating plant, \$200,000.

Chanute Field, Ill.: Noncommissioned officers' quarters, \$137,000; central heating plant for technical and quarters areas, \$200,000.

Camp Devens, Mass.: Roads and sidewalks, \$75,000; service club, \$30,000; post exchange and gymnasium, \$50,000.

Fort Douglas, Utah: Noncommissioned officers' quarters, \$15,000. Dryden, Tex.: Barracks, \$20,000.

Duncan Field, Tex.: Quartermaster warehouse, \$40,000; quartermaster maintenance building, \$20,000; garage, \$40,000; fire and guard house, \$25,000.

Fort Du Pont, Del.: Noncommissioned officers' quarters, \$60,000. Edgewood Arsenal, Md.: Noncommissioned officers' quarters, \$70,000.

Fitzsimons General Hospital, Colorado: Gymnasium, recreation, and social hall, \$150,000.

Hamilton Field, Calif.: Officers' quarters, \$215,000; noncommissioned officers' quarters, \$120,000.

Fort Hamilton, N. Y.: Noncommissioned officers' quarters, \$100,000.

Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, \$120,000.

Hensley Field, Tex.: Noncommissioned officers' quarters, \$8,000; officers' quarters, \$30,000; roads, utilities, and improvement of flying field, \$25,000; replacement of pumping plant, \$3,000; sewage-disposal plant, \$3,000.

Holabird Quartermaster Depot, Md.: Hospital, \$120,000.

Fort Sam Houston, Tex.: Noncommissioned officers' quarters, \$150,000; officers' quarters, \$350,000.

Fort Howard, Md.: Hospital, \$125,000.

Fort Hoyle, Md.: Noncommissioned officers' quarters, \$70,000.

Fort Humphreys, Va.: Officers' quarters, \$150,000.

Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, \$100,000.

Fort Jay, N. Y.: Noncommissioned officers' quarters, \$130,000; barracks, completion of, \$70,000; officers' quarters, \$125,000; nurses' quarters, completion of, \$35,000.

Jefferson Barracks, Mo.: Noncommissioned officers' quarters, \$65,000; additions to kitchens and mess halls, \$55,000.

Camp Knox, Ky.: Hospital, \$200,000.

Langley Field, Va.: Central heating plants for quarters area, \$80,000; quartermaster maintenance building, \$20,000; fire house, \$20,000; barracks, medical detachment, \$30,000; garage, completion of, \$15,000; magazine, completion of, \$10,000.

Fort Lawton, Wash.: Noncommissioned officers' quarters, \$30,000.

Fort Leavenworth, Kans.: Nurses' quarters, \$60,000.

Letterman General Hospital, California: Two wards, \$150,000.

Fort Lewis, Wash.: Barracks, completion of, \$30,000; water main, \$30,000; noncommissioned officers' quarters, \$75,000; officers' quarters, \$65,000.

Fort Logan, Colo.: Noncommissioned officers' quarters, \$53,000.

Fort McClellan, Ala.: Headquarters, \$50,000; recreation hall, \$35,000; gymnasium, \$45,000.

Fort McPherson, Ga.: Nurses' quarters, \$70,000; contagious ward for hospital, \$70,000.

Maxwell Field, Ala.: Officers' quarters, \$940,000; officers' mess, \$55,000.

March Field, Calif.: Barracks for medical detachment, \$25,000; contagious ward for hospital, \$12,000; bakery, \$15,000; laundry, \$60,000; enlisted men's service club, \$50,000; officers' mess, \$50,000; theater, \$40,000.

Fort Mason, Calif.: Officers' quarters, \$110,000.

Fort Meade, S. Dak.: Riding hall, \$25,000.

Fort George G. Meade, Md.: Noncommissioned officers' quarters, \$150,000; officers' quarters, \$50,000.

Mitchel Field, N. Y.: Noncommissioned officers' quarters, \$118,000; bakery, \$15,000; incinerator, \$10,000; enlisted men's service club, \$50,000; theater, \$40,000; sewage-disposal plant, \$40,000; fence, \$31,000; quartermaster gasoline storage, \$3,000; magazine, \$15,000; officers' mess, \$50,000; coal storage and handling system, \$70,000; roads, walks, and surface-drainage system, \$86,000.

Fort Monmouth, N. J.: Addition to hospital, \$75,000; noncommissioned officers' quarters, \$170,000; band barracks, \$35,000.

Fort Myer, Va.: Barracks, \$100,000.

Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, \$120,000.

Fort Ontario, N. Y.: Noncommissioned officers' quarters, \$50,000.

Plattsburg Barracks, N. Y.: Additions to barracks, \$25,000; barracks, \$255,000.

Pope Field, N. C., for the Air Corps troops: Barracks, \$140,000; noncommissioned officers' quarters, \$84,000; officers' quarters, \$140,000.

Post Field, Okla., for Air Corps troops: Barracks, \$140,000; noncommissioned officers' quarters, \$84,000; officers' quarters, \$140,000.

Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, \$60,000; addition to headquarters, \$50,000.

Randolph Field, Tex.: Barracks, completion of, \$56,000; gymnasium, completion of, \$70,000; road and utilities, \$243,000; completion of chapel and school, \$50,000.

Raritan Arsenal, N. J.: Noncommissioned officers' quarters, \$75,000.

Walter Reed General Hospital, D. C.: Noncommissioned officers' quarters, \$120,000; addition to nurses' quarters, \$300,000.

Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, \$15,000.

Rockwell Field, Calif.: Noncommissioned officers' quarters, \$234,000; officers' quarters, \$268,000.

Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, \$140,000.

Selfridge Field, Mich.: Gymnasium and theater, \$80,000; garage, \$40,000; quartermaster maintenance building, \$20,000; post exchange, \$45,000; officers' mess, \$60,000; enlisted men's service club, \$50,000; bakery, \$15,000; roads and utilities, \$75,000.

Fort Sill, Okla.: Barracks, \$875,000; noncommissioned officers' quarters, \$72,000; officers' quarters, \$75,000; gun sheds, \$48,000; stables, \$30,000; vehicle shed, \$10,000.

Fort Snelling, Minn.: Quartermaster warehouse, \$65,000; barracks, medical detachment, \$40,000.

Fort Totten, N. Y.: Noncommissioned officers' quarters, \$30,000.

Fort Wadsworth, N. Y.: Officers' quarters, \$75,000.



Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, \$120,000.

West Point, N. Y.: For addition to hospital, \$250,000; barracks for service detachment, \$250,000.

Fort George Wright, Wash.: Noncommissioned officers' quarters, \$60,000.

Sec. 2. There is hereby authorized to be appropriated not to exceed \$7,165,000 to be expended for the construction and installation at military posts, and at airports and landing fields, of such technical buildings and utilities and appurtenances thereto as may be necessary, as follows:

Albrook Field, C. Z.: Technical buildings and installations, completion of, \$293,000; gasoline-storage system, completion of, \$25,000.

Barksdale Field, La.: Hangars, \$360,000; headquarters and operations buildings, completion of, \$89,200; gasoline-storage system, completion of, \$20,000; paved aprons, \$100,000.

Fort Benning, Ga.: Hangar, combination, \$88,000; gasoline-storage system, \$10,000; improvement of landing field and building area, \$25,000; heating plant, \$20,000; paved aprons, \$20,000.

Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, \$605,500; depot warehouse, \$500,000; administration building, \$800,000; railroad spur, \$8,000; quartermaster warehouse, maintenance and salvage building, \$35,000; garage, \$48,000; fire and guard house, \$30,000; pier, \$125,000; paint, oil, and dope storage and oil reclamation, \$35,000; gasoline-storage system, \$20,000; paved aprons, \$80,000.

Fort Bliss, Tex.: Operations building, \$10,000.

Bolling Field, D. C.: Paved aprons, completion of, \$22,800; heating plant for technical area, completion of, \$78,000; field shops, completion of, \$6,000; improvement of landing field and building area, \$615,000.

Chanute Field, Ill.: Hangars, \$170,000; paved aprons, \$30,000; improvement of landing field and technical area, \$15,000; enlargement of central heating plant and steam lines, \$185,000.

Dryden, Tex.: Paved aprons and hangar floor, \$15,000.

Duncan Field, Tex.: Depot administration building, \$60,000; gasoline-storage system, completion of, \$15,000.

Hatbox Field, Muskogee, Okla.: Roofing and sidewalls for hangar, and paved aprons, \$15,000.

Hamilton Field, Calif.: Headquarters and operations building, to complete, \$35,000; improvement of landing field and building area, \$120,000.

Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, \$91,000; gasoline-storage system, completion of, \$21,000; bomb storage, \$19,000; improvement of landing field and building area, \$25,000; machine-gun range, \$6,000.

Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, \$200,000.

March Field, Calif.: Gasoline-storage system, completion of, \$10,000; aircraft-bomb storage, \$5,000.

Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, \$150,000; gasoline-storage system, \$10,200; improvement of landing field, \$100,000; camera obscura, \$4,000; bomb storage, \$13,000; machine-gun and bombing range, \$6,000.

Mitchel Field, N. Y.: Improvement of landing field, \$80,000; gasoline-storage system, completion of, \$5,000; bomb storage, \$13,000; machine-gun range, \$2,000.

Panama Canal Zone: Improvement of emergency landing fields at Gamboa Reach and Camp Gaillard, \$20,000.

Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, \$251,300; improvement of landing field and building area, \$5,000; gasoline-storage system, completion of, \$10,000.

Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, \$110,000; paved aprons, \$15,000; paint, oil, and dope storage, \$5,000.

Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, \$110,000; paved aprons, \$15,000.

Randolph Field, Tex.: Engine-test stands and building, \$40,000; oil storage, \$15,000; gasoline-storage system, completion of, \$10,000; aerial target range, \$20,000.

Rockwell Field, Calif.: Hangars, \$576,000; Air Corps warehouse, \$80,000; operations building, \$20,000; remodeling a permanent building for radio, parachute, and armament building, \$20,000; administration building, \$80,000; photographic building, \$36,000; paint, oil, and dope storage, \$15,000; gasoline-storage system, \$30,000; paved aprons, \$95,000; central heating plants, \$100,000; improvement of landing field and technical building area, \$100,000; camera obscura, \$5,000; bomb storage, \$15,000.

Schoen Field, Ind.: Grading landing field, \$5,000.

Selfridge Field, Mich.: Gasoline-storage system, completion of, \$10,000.

Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, \$31,000; paved aprons, \$38,000.

Mr. REED. Mr. President, this is simply the usual Army housing provision.

Mr. WAGNER. Mr. President, I am told that the preparations are so far advanced that work can begin almost immediately.

Mr. REED. In many cases that is true. Mr. President, I ask unanimous consent, if the amendment shall be adopted, that the clerk be authorized to correct the total.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania.

The amendment was agreed to.

Mr. REED. Mr. President, may I have unanimous consent that the totals may be corrected?

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ASHURST. Mr. President, I now offer an amendment to that part of the bill which has been stricken out so that the matter may be considered in conference. I ask the clerk to read the amendment.

The LEGISLATIVE CLERK. On page 8, line 10, after the first set of numerals, it is proposed to insert:

Florence, post office, \$90,000; Holbrook, post office, \$90,000.

On page 8, line 13, to strike out the figures "\$905,000" at the end of the line and to insert the figures "\$1,085,000."

Mr. ASHURST. Mr. President, these two towns, respectively, are county seats of counties in Arizona, and the need for these buildings is real. This amendment is offered so that the matter may go to conference and may be considered.

Mr. WAGNER. Mr. President, I shall have to object to that particular amendment, because it is contrary to the policy adopted in connection with the bill introduced by me and my coauthors.

Mr. ASHURST. The amendment is to the House text.

Mr. WAGNER. I suggest that the Senator offer his amendment on Monday. I understand that we are going to finish for the day very soon, and in the meantime we may give his amendment a little further consideration, because we have avoided making any specific allocations in the bill.

Mr. ASHURST. I am sure the learned Senator is mistaken. There are scores of proposed buildings mentioned by name in the House text.

Mr. WAGNER. Yes; in the House text.

Mr. ASHURST. That is what I propose to amend. I am proposing to amend the House text so that the item may be in conference. If I could aid the learned and able Senator from New York, who with such skill and pertinacity has pursued this legislation, in facilitating its passage, I would do so.

I am availing myself of the privilege, which every Senator has, of attempting to perfect the part that is proposed to be stricken out. Every Senator has a right to propose amendments to the part proposed to be stricken out; and I am seeking to add two items under the Arizona list, for instance:

Arizona: Bisbee, post office, \$135,000; Flagstaff, post office, \$165,000; Jerome, post office, \$90,000; Kingman, post office, \$75,000; Mesa, post office, \$90,000; Miami, post office, \$110,000; Winslow, post office, \$90,000; Nogales, immigration station, \$150,000; in all, \$905,000.

The House bill omitted to include an item for a post-office building at a county seat, to wit, the town of Florence, and also omitted to include an item of \$90,000 for a post office at Holbrook, another county seat. I submit that Senators have the right to offer amendments to the part proposed to be stricken out, and I want a vote on my amendment.

Mr. WAGNER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I do not yield for any motion to adjourn or to delay. I simply want a vote on my amendment.

Mr. WAGNER. Mr. President, I want to resist the adoption of this amendment.

Mr. ASHURST. The Senator has a right to vote against it.

Mr. WAGNER. I want to give this matter a little more consideration when there are more Senators present.

Mr. ASHURST. Mr. President, I now claim the floor, and say that the great vice of the United States Senate is that we pay attention to the wishes and requests of absentees. The Senate will not elevate itself in the esteem of the American people if, whenever a Senator rises and proposes any public matter, some other Senator says, "I want to have this matter considered when absentees may return."



If absentees prefer to play golf or to regale themselves at places of amusement rather than earn their salaries, mine is not the blame. Let the Senate be an example of diligence and prudence, and proceed with the business of the country. There are thousands of men in each State who would be willing to come here and work Saturday afternoons and consider it a great privilege to do so.

I have a right to a vote upon my amendment, and I ask for a vote. I shall take my chances now. I object to absentee control of the Senate. I object to the Senate adjourning to meet the wishes of dilettante statesmen who want to disport every afternoon on the golf links. Here is their place. Here is where they are sworn and paid to stay.

These remarks that I have just now made have been withheld too long. They say our Rome is burning. Aye, sir; it is burning, it is burning on the Capitoline Hills, and I do not propose to be a party to it.

Let the Senate proceed with diligence to earn its pay. Then we shall have a right to claim some small modicum of the esteem of the American people. I have been impatient all too long with these adjournments Saturday afternoon in order that statesmen may go upon the golf links or go to the ball games.

This is the time, this is the place, this is the hour to show statesmanship. I resent, as unworthy of the Senate, the suggestion that we ought to adjourn for Saturday afternoon. The people will adjourn us soon enough if they find out what is going on here.

Now I think the Senator from New York ought to let us have a vote on my amendment. If it is carried, I shall be glad of it. If I am beaten, I shall have no complaint to make; and I ask for a vote.

Mr. WAGNER. Mr. President, I suggest the absence of a quorum.

Mr. FLETCHER. Mr. President, before the Senator does that, let me suggest this—

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

Mr. McNARY. Mr. President, will not the Senator from New York withhold that suggestion?

Mr. WAGNER. I will withhold it.

Mr. FLETCHER. I was going to suggest that my friend from Arizona is letting his zealotry rather carry him beyond limits. For instance, the Senator makes a motion to amend the bill. He offers certain amendments. He has a right to do that, of course, and to discuss those amendments. The Chair was about to put the question as to whether or not the amendments should be agreed to when the Senator from New York rose. He had a right to do so. The Senator from Arizona can not hold the floor and prevent discussion of his amendments. He says, "I have the floor," and insists upon a vote. Of course the Senator from New York has a right to debate the matter.

Mr. ASHURST. Why, the Senator from New York certainly has that right; but what he said carried with it the suggestion that we vote on Monday.

Mr. FLETCHER. Of course, that is another matter.

Mr. ASHURST. That is the only matter I am talking about.

Mr. FLETCHER. I think the Senator from Arizona is correct in his position that the House bill is subject to amendment, and I do not see that it would do any harm to the bill to put in two additional post offices. I really do not believe any of those post offices will stay in this bill.

Mr. ASHURST. Well, if any stay in, my two will.

Mr. FLETCHER. I hope the Senator is right about that, but I do not think he can absolutely assert that as a positive fact.

In the first place, the House bill goes to conference along with the Senate bill, if we adopt the Senate bill as an amendment, and the whole matter will be in conference; and so the Senator has a right to add other building projects, if he can, to the House bill. So far as I am concerned, I think we might as well put them in. I do not think any of them are going to stay in.

Mr. ASHURST. They may not stay in. Possibly, if I were on the conference committee, I would be guided, as I usually am, by the wisdom and the statesmanship of the junior Senator from New York; but I said in the beginning, when I opened my remarks, that I simply wished these two items to be in conference, so that if and when the conferees agree to the House bill, these two places would be considered.

Mr. McNARY. Mr. President—

Mr. ASHURST. Just a moment. I take back nothing. I neither apologize nor weaken nor retreat from my assertion that there is falling upon the Senate a flail of indignation; and that indignation is just when Senators disappear, dissolve, and leave their posts on Saturday afternoon.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. DILL. I want the Senator to yield that I may commend him for doing something that should have been done here months ago. It is the height of ridiculousness that the Senate must run away every Saturday afternoon.

Mr. ASHURST. Mr. President, I thank the Senator. I should dislike to be a private in an army that ran off every Saturday afternoon.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. ASHURST. I yield the floor to the Senator.

Mr. McNARY. Mr. President, I find myself much in sympathy with the able Senator from Arizona. If we are to amend the House text, I should support heartily his projects. I am just curious what answer he will give to this proposal:

I very much desire to have an executive session to take up two contested nominations, namely, the chairman of the Shipping Board and the member of the Federal Trade Commission.

Mr. ASHURST. Mr. President, I yield for any purpose as long as it does not contemplate an adjournment and a lackadaisical disregard of public duty. I yield for any purpose that proposes that the Senate shall go ahead and work.

Mr. McNARY. I was suggesting to the able Senator that his motion be pending on Monday. We can then go ahead with our executive session and clean up the calendar of contested cases if that is agreeable to the Senator.

Mr. ASHURST. Yes; that is quite agreeable.

Mr. McNARY. I do not want to impose it on the Senator.

Mr. ASHURST. No, Mr. President; I do not seek my own way. I do not care anything about what particular business the Senate transacts so long as the Senate shows some diligence and some application to duty.

Mr. DILL. Mr. President, the Senator knows that when we go into executive session we are going to adjourn. Do not make any mistake about that.

Mr. McNARY. Of course we will adjourn. There are two contests. I do not know how long they will take, but it was rather agreed that they would come up this afternoon. So far as I am concerned, we can go along here indefinitely on this bill; but it was the expression of the Senator from New York and other Senators who had amendments to offer that we should not go forward any further with the bill to-day.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Michigan?

Mr. McNARY. I yield.

Mr. VANDENBERG. May I ask the Senator from New York one question of detail which arose in the Committee on Territories before we leave the bill for the day? I call his attention to page 101, line 17, where the House text has been amended obviously for the purpose of broadening it so as to include Puerto Rico. Was it the intention to exclude Hawaii?

Mr. WAGNER. No; it was not.

Mr. VANDENBERG. The Senator would have no objection, when we reach it, to including the word "Territories" throughout the bill?

Mr. WAGNER. Not at all. That ought to be corrected.

Mr. VANDENBERG. I thank the Senator.



## PRODUCTION OF SILVER

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Nevada?

Mr. McNARY. I do.

Mr. PITTMAN. There has been a great deal of discussion in the Senate during the last six months and throughout the world, I may say, with regard to what is called the silver problem. I regret to say that it is not generally understood. Many conceive that it is an attack on the gold standard. It is entirely an exchange proposition with which some of us have been dealing.

In February a year ago I introduced a resolution, which was referred to the Foreign Relations Committee of the United States Senate, which requested the President of the United States to call or obtain an international conference for the purpose of having governments agree, if possible, to suspend or abandon the policy and practice of debasing and melting up silver coins and selling the silver bullion derived therefrom on the market of the world. That resolution was unanimously approved by the Foreign Relations Committee, and unanimously adopted by the United States Senate. It was approved by legislative action of 11 States. The purpose was approved by the International Chamber of Commerce that met in Washington. Action by the International Chamber of Commerce was recommended by the United States Chamber of Commerce. The purpose was approved by the commercial bodies of many of the States.

All that I bring this up for is to disclose the fact that it was recognized that the depreciated purchasing power in our country of the depreciated silver money of other countries in comparison with our gold standard has raised an exchange problem that bore and is bearing very materially upon our export trade.

That was conceded. The cause of the sudden decrease in the price of silver was practically conceded. It was due to the debasing of silver coins and the melting up of silver coins that were in circulation in other countries. It was admitted that the mine supply had not increased, but, as a matter of fact, had decreased.

There was no way by which we could stop the British Government for India, for instance, from melting up its silver coin and dumping that silver on the market of the world, except by an international agreement which the British Government for India would find to its interest. The secretary of the treasury for India stated that he would be satisfied to limit the annual amount he would throw on the market of the world if the producers of silver would also limit themselves to a certain extent. It became absolutely essential to stop the dumping of silver, because India has probably over a billion ounces of silver in the form of silver coins which can be dumped. The world demand for silver has never been in excess of 250,000,000 ounces, and mine production has never been over 250,000,000 ounces. But when they adopted the policy in India of melting the silver coins and dumping on the market of the world the silver, with that enormous supply back of it, it destroyed confidence in it altogether, and everybody started to dumping, and the price of silver from 1929 to the present time has dropped over half. It dropped from 62 cents an ounce to 28 cents.

That affected the miner, of course, but the effect on the miner was insignificant, because our mining operations in this country are small by comparison with other industries. But, as was certified by the British economic commission, and by all the great industrialists and shippers of the world, many countries value their silver money at par as we value our silver dollars at such par, as well as 10-cent pieces and quarters and 50-cent pieces. But we value the silver money of other countries only at the value of the silver in the coin measured by the world market price. In other words, our own dollar to-day is worth only 23 cents, because it has seventy-eight one-hundredths of an ounce of silver in it, and silver is 28 cents an ounce; but that dollar circulates for a dollar. The Chinese dollar, however, which is of the same size as our dollar, does not circulate in our country, and when the Chinese wish to buy our products, they have

to buy exchange. They have to give four and a half of their silver dollars for one of our dollars with which to buy our products, and they have ceased substantially buying our products. Worse than that, that condition has acted as the highest tariff wall in the world, over 400 per cent, with the result that there has been an enormous increase in cotton mills in China, they have increased their wheat fields enormously, and their flour mills tremendously. They have practically ceased to import cigarettes at all, because they buy their tobacco and take it over there and manufacture cigarettes.

Mind you, since 1929 our exports of raw cotton to China have almost trebled, but our exports of piece goods have dropped down half. Our greatest market for raw cotton was England. What is the result? To-day our exports of cotton to England are one-third in value what they were in 1929, because, as the British economic report shows, Great Britain's exports of cotton piece goods to China fell from 210,000,000 linear yards in 1929 to 64,000,000 linear yards in 1930, and consequently she had to reduce her factory capacity, as we did in the United States, with the result that there was not the demand for our raw cotton.

I am only bringing this to the attention of the Senate to show that all great economists in all countries realize that that has a depressing effect on trade and commerce.

Our exports of lumber to China have fallen off 50 per cent since 1929. Our exports of flour to China have fallen off 50 per cent since 1929. Our exports of automobiles to China have fallen off more than 50 per cent in that time. We have not only lost our market but we are bringing about a condition which will make it a permanent loss, and China is the greatest potential market for the United States in all the world. It is one market we can win, and we can win it because the Chinese trust us, and we are about the only people in the world they do trust, because we are closer to them, as far as trading is concerned, than any other nation, for the reason that for years to come they will have to use the things we produce in order to build up. But we have neglected that situation, and we are still neglecting that situation, under the influence of prejudice, because some imagine this silver question has something to do with the Bryan issue of 1896. It would seem that people who are interested in commerce and trade and exports of this country would try to ascertain facts, and not deal in imagination.

Can it be imagined, for instance, that all of the great commercial bodies of the Pacific coast would indorse the effort to restore the purchasing power of silver money, not in the United States but the purchasing power of silver money of other countries, in purchasing products in our country, if there were not something to it? Yet it is almost impossible to persuade those who are responsible for legislation, both in the executive branch and in Congress, to get out of their minds the impression that there is not some selfishness in this matter.

Finding it almost impossible to get an international conference on this subject, I finally introduced a bill in the Senate which will tend to meet the situation—just tend to meet the situation.

We could not get the miners of the United States to agree to restrict their production of silver, because 80 per cent of the silver produced in the United States is not from silver mines; it is a by-product of copper mines and lead mines and zinc mines, and the men who own those mines are not going to reduce their capacity below the demand for their material just because there are a few ounces of silver mixed in with the principal metal. So we could not do it in that way. But we found another way to do it, namely, to let the Government of the United States take the production of silver in the United States for a period of time and pay for it at the world market price with silver certificates, in other words, certificates of deposit.

Mr. FESS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. FESS. The Senator said that it seems impossible to get an international conference. I am of the opinion that that is not impossible unless our friends across the sea would refuse to go into a conference. I think the Senator's posi-



tion would be strongly supported on this side of the aisle. Has the Senator read the plank in the platform recently adopted at Chicago on that question?

Mr. PITTMAN. Mr. President, platforms are rarely definite in their meaning, and when they cross the sentiments and sympathies and desires of Government officials, they are generally set aside.

This body adopted a platform in February a year ago by unanimous vote, every Republican Senator, including the Senator from Ohio, who has just asked me a question, voting that it was the sense of this body that the President should call an international conference for the purpose of solving the silver money problem. That platform was adopted in February a year ago, but the President has not responded to that platform.

I have read the plank in the recently adopted Republican platform.

Mr. FESS. May I read the platform plank?

Mr. PITTMAN. I wish the Senator would, because it was so indefinite I can not remember it.

Mr. FESS. The plank was this:

We favor the participation by the United States in an international conference to consider matters relating to monetary questions, including the position of silver exchange problems and commodity prices, and possible cooperative action concerning them.

That was unanimously adopted in the committee, and also by the convention.

Mr. PITTMAN. That is an amendment of the platform which we adopted when we adopted the resolution here unanimously, for which the Senator from Ohio voted.

Mr. FESS. I would think that if the Senator's leadership would include that in the platform to be adopted—and I have no doubt he can bring that about—there will be no difficulty in having the conference, if the powers of the world will agree.

Mr. PITTMAN. Mr. President, the platform we adopted in the Senate by unanimous vote requested the President to initiate proceedings. We requested the President of the United States to call the conference. The plank the Senator has read states that the Republican convention favors our Government participating in conferences dealing with monetary questions. They did not favor the President calling a conference.

Why did they not put in the plank the very frank statement that they favored the President initiating such a conference. It was because the President does not want to initiate such a conference. It is because the President has never wanted to initiate it. That is true. That is not an inaccurate statement.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. SMOOT. I think that is too broad a statement to make. I know that the President has taken up with foreign countries the question of a conference on silver.

Mr. PITTMAN. I admit that.

Mr. SMOOT. I know the countries he has already approached, and I know that up to the present time he has not received a favorable reply.

Mr. PITTMAN. Very well; we will admit all that for the sake of the argument. But let us take the history of this problem.

I said that my criticism was this, if it may be called a criticism, though it was not a criticism; it was merely a statement of fact.

In February a year ago we passed that resolution unanimously. It was reported out of the Foreign Relations Committee unanimously. Senators time and time again on the floor have asked me, when I was discussing the question, about the matter. Let us see what happened. Let us see what is the real history of the transaction.

I was directed by the subcommittee of the Committee on Foreign Relations to go to China for the purpose of ascertaining whether or not the National Government of China and the Government of Japan not only needed this action, but whether they were in favor of it; also to find out from the chambers of commerce and business men and bankers

over there whether the assertion in the report we made, that our exports were being destroyed by reason of that exchange value, was true or not. I found out that it was true. I found out that China was anxious to have an international conference. I found out that Japan was anxious to have an international conference. What happened?

On the day before I sailed from Seattle, about the middle of May, a statement was issued from the White House by the Assistant Secretary of State, Mr. Castle, I believe, in which he stated in effect that the President of the United States felt that some other government more interested in silver than was the United States should initiate the conference and that our Government should participate. That is the same expression that is used in the platforms to which I have referred.

I arrived in China on the first day of June. To show the interest that the National Government of China had in the matter at that time, I was met by members of their cabinet. We went right into consultation. They told us that the life of the National Government of China depended upon the restoration of the price of silver, that they could not pay their foreign debts with the exchange value of their money as it was, that they could not pay the interest on their debts, that they could not carry out their program of road building and railroad building because the taxes they collected were in silver and when they exchanged it for gold it took \$4.50 of silver to get \$1 of gold.

Mr. SMOOT. Mr. President, does the Senator know why China declined to call a conference?

Mr. PITTMAN. Yes; and I will tell the Senator.

Mr. SMOOT. And does the Senator know why Mexico declined to call a conference?

Mr. PITTMAN. Yes; and I will tell the Senator in just a moment. I had not intended going to the national capital of China for four days. There was in the conference that we had the day I arrived there a representative of our Government. In every conference that I had except two, which I slipped away to have, there was a representative of our Government. What happened? I decided to go immediately to Nanking, the capital, because the Minister of Finance would be there. On the day I arrived at Nanking the morning newspapers carried a telegram addressed by the President of the United States to the senior Senator from Utah [Mr. Smoot] in Salt Lake City. I am relating these coincidences, which may not mean anything; but, nevertheless, I am relating them.

Mr. SMOOT. I can not connect it in any way, shape, or form. I never received a telegram from the President in my life in relation to China or Mexico. There is certainly something wrong, I will say to the Senator.

Mr. PITTMAN. Just a moment, and the Senator will find out there is nothing wrong. A telegram was addressed by the President of the United States to the senior Senator from Utah in Salt Lake City. I think it was June 2 or June 3. I am sure it was one or the other of those days. In that telegram the President of the United States said:

I am now able to inform you that from informal conferences with the representatives of certain governments whose participation in the conference I deem essential that they oppose the holding of a conference at the present time, and therefore, in effect, it can not be held.

That, mind you, was in the morning papers when I arrived at Nanking, in China. Instantly Mr. Soong and the President of China and other cabinet officers said:

There is no use having any further conference on the matter. If the United States is not going into an international conference by reason of the objection of certain governments, then we might as well drop the question.

But that was not all. About two weeks later the National Government of China was in such dire distress by reason of the exchange situation that Mr. Soong, the Minister of Finance, and other distinguished financial leaders there came to my office in the hotel and asked me then if China called such a conference, would the United States participate. I said that the last word I heard on that subject was the statement coming from Mr. Castle on behalf of the White House, that if some other government more in-



terested in silver than the United States called it, we would participate; and I said I thought we would.

What happened? The next day came another statement from the White House, and what was that statement? It was that the administration did not believe that China was a proper government to issue such a call. Now we know from the statement of the senior Senator from Utah [Mr. Smoot] that there are only two countries that had asked for a delay, because the senior Senator from Utah has heretofore stated that one of them was Great Britain and the other was possibly France. It has been stated on the floor of the Senate time and time again by me and by other Senators that a conference participated in by Canada and the United States and China and Australia and South American countries would have such a power with regard to trade and commerce and the regulation of exchange as between those countries that Great Britain could not stay out of it nor could France stay out of it.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. PITTMAN. I yield.

Mr. SHIPSTEAD. The Senator has not mentioned that in the month of June there was published in the English press a notice which, as I remember it, was issued by the White House, saying that it was opposed even to discussing the silver question until the moratorium had been agreed to.

Mr. PITTMAN. That was published and I do not know that it was ever denied. However, that is newspaper matter and I am only discussing things now within my personal knowledge.

I will ask the junior Senator from Utah [Mr. King] to state right now the situation with regard to the message of the President wherein he said something about other governments.

Mr. KING. Mr. President, if the Senator from Nevada will yield for that purpose—

Mr. PITTMAN. I yield.

Mr. KING. Mr. President, I shall briefly reply to the Senator. As he has stated, the President of the United States sent a telegram to my colleague, the contents of which were textually as stated by the Senator from Nevada. Certainly the telegram was susceptible of no other construction than that nations whose presence at an international conference was necessary had declined or refused to attend a conference called for that purpose. Shortly after the date of the telegram I returned to Washington and immediately called at the State Department for the purpose of ascertaining what governments, if any, had refused to attend an international silver conference in the event that one were called. From the information which I had received from various countries and from sources which I regarded as reliable, I could not believe that any important nation had refused to participate in a conference called to consider the silver question. At the State Department I was referred to the Assistant Secretary of State, Mr. Rogers, who, it was stated, was in charge of that branch of the department to which inquiries regarding silver, or an international conference regarding the same, were referred. I produced a copy of the President's telegram and requested to see the correspondence or communications between our Government and other governments in regard to the silver question or to an international conference; and I also asked the Assistant Secretary what nation had refused to participate in a conference if one were called or had objected to such conference being assembled.

The Secretary's statement, as I understood it, was that no nation had refused to attend a conference called for the purpose of considering the silver question. I specifically mentioned Great Britain and France and asked whether the Governments of these countries had declined to attend a conference for the consideration of the silver question. The Assistant Secretary replied that France was indifferent in the matter, but had signified her willingness to attend a conference if one were called. With respect to Great Britain,

he said in substance that the position taken by Great Britain was that pending the settlement of the Indian question her Government hoped that no conference would be called. Reference was made to the round-table conference that was to be held in October—and my interview with the Assistant Secretary was before October—and as I understood the Assistant Secretary, Great Britain preferred that no silver conference be called pending the round-table conference meeting in London in October. I then inquired of the Assistant Secretary if Great Britain or any other country had refused to attend a silver conference if one were called and his answer was "no."

Mr. PITTMAN. I thank the Senator.

Mr. KING. May I allude to one further matter. Senators will recall that in May of last year the International Chamber of Commerce convened in Washington. At that conference a resolution was adopted which, in substance, declared that because of the serious consequences of the present silver situation to the economic condition of the world, a world conference should be called during 1931, at which all interested parties might be heard for the purpose of seeking a solution to the silver problem; resolution also urged the international committee to bring the matter, namely, the convening of an international silver conference, to the attention of their respective governments.

One of the influential delegates to the International Chamber of Commerce conference was Doctor Pei, who represented the Chamber of Commerce of China. I might add that Doctor Pei was at that time and is now, so far as I know, president of the Chinese Bank of London and of a bank in Shanghai, China. Immediately after the conference adjourned he went to London and there conferred with the officials of the British Government with respect to the calling of a silver conference and the attitude of the British Government in respect to the silver question.

I should add that Doctor Pei took an important part in the meeting of the International Chamber of Commerce conference and offered a resolution which was the basis of the one adopted declaring in favor of an international conference to deal with the silver question. Several weeks after Doctor Pei's departure from the United States he communicated with me from London and stated in substance that the British Government was not opposed to an international silver conference being called, but preferred, in view of the near approach of the round-table conference, that such silver conference should not be held in advance of the Indian conference in October. As I recall, in his communication he stated that if it were not for the Indian situation he believed that the British Government would call the conference; but, notwithstanding the Indian situation, if some other government called the conference the British Government would participate.

I believe that the Prime Minister of England would look with favor upon silver's rehabilitation. In Mr. Wager's book, recently written, he quotes a statement made by Mr. MacDonald which is indicative of his attitude toward the silver question. The statement is in the form of questions and is substantially as follows:

• • • Is finance to be based upon one certain metal? Is credit to be controlled by the supply, demand, and distribution of that particular metal? Is the policy, theory, and practice which we accept and express in our coinage to thwart our commercial welfare? • • •

I submit that these questions indicate that Mr. MacDonald does not believe that the gold standard is adequate, but that a plan should be adopted that would broaden the metallic base upon which to rest the world's currencies and credits.

I repeat, having trespassed upon the time of the Senator, that, so far as I can learn, no government has refused to take part in any conference called to consider the silver question.

Mr. PITTMAN. Mr. President, that is the history of that matter. Let me tell the Senate one other thing.

Mr. SMOOT. Mr. President, before the Senator proceeds may I ask my colleague a question?



The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Nevada yield to the senior Senator from Utah?

Mr. PITTMAN. Certainly.

Mr. SMOOT. I want to get the whole story so I can understand the facts. Did the State Department say anything in relation to Mexico refusing to call a conference?

Mr. KING. No.

Mr. SMOOT. I wanted to be sure about that.

Mr. KING. I asked the question categorically if any nation had refused, and Mr. Rogers said "No."

Mr. SMOOT. That would include Mexico.

Mr. KING. I did not mention Mexico specifically.

Mr. SMOOT. But I say it would include Mexico.

Mr. KING. I think so; but I did mention specifically Japan, France, and Great Britain.

Mr. PITTMAN. Mr. President, I wish to show the attitude of Great Britain. I am not going to call attention to all the unofficial statements made by great industrialists and financiers and economists of Great Britain, because they are all in a letter which I am going to file, some written by members of the House of Parliament, all agreeing that an international conference on this subject is demanded.

Great Britain pays more attention to her foreign commerce than we do. Great Britain realized that she had lost a large proportion of her trade with China. When British exports of cotton piece goods dropped off from 210,000,000 linear yards in 1929 to 64,000,000 yards in 1930, it aroused the British people, and they created an economic commission, headed by Sir Ernest Thompson, and composed of the ablest experts in England.

Mr. DILL. Mr. President, will the Senator yield?

Mr. PITTMAN. Yes; if it will not break up the present line of thought.

Mr. DILL. The question I desire to ask is on the subject which the Senator is now discussing. I should like to get the Senator's understanding as to what England is doing now as to the dumping silver from India on the world market?

Mr. PITTMAN. The Indian Government is still dumping.

Mr. DILL. Does the Senator know at what rate?

Mr. PITTMAN. It can not be stated definitely, but it is at about the same rate, which would amount to about 35,000,000 ounces a year.

Mr. President, Great Britain created this commission to go to the Orient and find out what was the matter with her export trade with China. The commission spent £80,000 in their work and remained six months, and they have written the most comprehensive and searching report that I have ever read on the subject. Let me read a sentence or two from the report.

Great Britain has so large an interest in China's trade that we trust she may be among the foremost to take action with a view to ascertaining what can be done by international agreement to raise the value of silver. We should be among the first to endeavor to arrive at an international understanding for reestablishing silver as a standard basis of credit. The flow of gold to America and France and the sales of silver by India are all factors in a serious situation. The probable shortage of gold in the near future and the overproduction of silver at the present time have raised issues that can not be ignored. There would appear to be no relief from present world conditions unless and until the fundamental matter of currency receives consideration. Upon some solution of this problem hangs the future of international commerce.

That is from the report of the British commission. Is it possible that when this official report comes in, that there is no desire on the part of the British Government to do anything? I should like to read the entire report, but I will merely read a few more lines from it.

I had some correspondence with Mr. Ogden Mills on this subject, and I am going to place the whole correspondence in the RECORD. It deals with the silver problem from the viewpoint of the Treasury Department and from the viewpoint of those in this body who differ with the department. If there is any Senator who desires to familiarize himself with this subject, I take it that this correspondence which has gone on for several months will not only give him the viewpoint of the Treasury Department, will not only outline

the issues, but will give the arguments and the facts, and I shall ask later that it may be printed in the RECORD. The report of the British economic commission to the Far East is so valuable that I will read a few more lines from it:

There exists in China to-day one outstanding problem which faces all nations desirous of selling their goods in the China market. The deplorably low silver values, and the consequently much reduced buying of the vast populace, are factors contributing to restrict the increase of imports into China from foreign countries. Finding it increasingly difficult to buy (for payment in gold) goods from abroad, China will be driven to discover ways and means of producing her own requirements. Should she continue to remain on a greatly depreciated silver basis for some years, it is obvious that she will of necessity not only quickly enlarge her industrial capacity and manufacture goods now made in foreign countries, but will be able to export many of such goods to markets abroad now being served by Great Britain. The potentiality of China with her cheap labor, low standard of living, and depreciated currency is too obvious to require special emphasis. Once a country is driven in on her own resources there arises the possibility of a market being permanently lost. The first and foremost problem for Great Britain is that of supplying China with manufactured goods, but it does not stand alone. Any falling off in trade automatically brings about a corresponding reduction in the income of the British ships from freight, and, concurrently, a reduction in insurance premia payable to British companies.

Consideration of China's currency problem in another direction seems desirable. With every move downwards in silver values China has to bear increasing financial burdens arising from the payment in gold of interest on foreign loans. She has to meet these obligations by imposing new duties which in their turn further restrict imports. China's funded debt due to foreign countries in principal and interest on the 1st of January, 1931, stood at £202,000,000. In addition, there is a considerable floating debt. A very large portion of these obligations is due to British subjects and institutions. If silver falls still lower or even remains at the present level, payment of interest on foreign loans might be affected, much damage to British interests being caused.

Here is more proof from this British report as to what China wanted. I call attention particularly to this statement in this report:

The governor of the Bank of China is in touch with the International Chamber of Commerce. He has called the international chamber's attention to the serious handicap imposed on China's external trade by the continued depreciation of silver and has stated that the plans for the consolidation of Chinese foreign debts have been considerably disturbed thereby. He asks for an early international conference to consider the question. The response to this request has been favorable, and as a preliminary the executive committee of the International Chamber of Commerce adopted a resolution calling on all national committees and members to urge their governments to take the silver problem into their early consideration in consultation with other governments, including the Chinese Government.

So it is disclosed that the British mission sent to China found that it was the low price of silver that was destroying the exports of Great Britain to China, and they found there was necessity for immediate international action for the purpose of restoring the purchasing power of silver. They quote in this report the president of the Bank of China, who was deeply disturbed about the matter and was in consultation with the International Chamber of Commerce and with other governments, begging for an international conference so as to save the National Government of China. The fall or disruption of the National Government of China which took place recently was caused by the low price of silver, because, as Mr. Soong told me, no government in China could continue to exist with the exchange value against its silver money such as it was. They could not carry out any program; they could not pay interest on their debt; they could not establish credit; they could not borrow any more money abroad; they could not buy rails for their railroads; they could not buy engines; they could not buy cars; they could not buy road machinery; they could do nothing to carry out their program; and they had to fall. Yet for over a year, with a unanimous expression of opinion on the part of the Senate to the President of the United States that something be done, he has done nothing, when our trade with China has suffered more than has the trade of any other country unless it be that of Great Britain, and that is because both of us were on the gold standard and the exchange of silver for gold was four and a half to one.

Nothing at all has been done. Bowing to other countries! If some other country more interested in silver would call a



conference we would participate! There is not any country in the world as much interested in the restoration of the purchasing power of silver money as we are. We have the largest trade with China and it ought to be many times larger than it is, but it has been cut to pieces, as the report of the British economic mission shows, by reason of the fact that China's silver money was so cheap by comparison with our gold-standard money that the Chinese could not buy from us. It is this Government that should take the initiative. Participate! Why not initiate, when we see our shipments of flour to China fall off 50 per cent since 1929; when we see our lumber exports to China fall off 50 per cent since 1929; when we see our automobile exports fall off 65 per cent since 1929; when we see our exports of canned milk to China drop off 50 per cent since 1929; is it a matter that does not interest us? Of course if the administration does not know what the British economic mission does know and has so emphatically stated, if the administration does not know what Sir Cunliffe-Owen, of Great Britain, and what Sir Henri Deterding know and what all the great industrialists and financiers of Great Britain know, then it is time to get somebody in the Department of Commerce and the Treasury Department who can find out, and, if they can not get the statistics, I will be very happy to mail them the report of the British economic commission.

Let us cease talking about participating if somebody else will do something. That is just about what we have been doing now for two or three years. We are willing to participate, but not to initiate, and so we do nothing. We have not the boldness to call a conference, and yet we would be at a greater advantage if an economic conference were held in the United States than we would if such a conference were held in Europe.

As I say, it seems absolutely hopeless to get the President of the United States to take any initiative in this matter. We need not disguise the fact from ourselves. We know well enough that the Treasury Department has been opposed and is now opposed to it. I know that. I am not speaking as to what attitude the President now takes on it, because I have not conversed with the President, nor do I assume to quote him; but I know the attitude of the Treasury Department.

Of course, this is an international matter, as the British commission says, and a complete and full solution of the problem can be brought about only through international conferences and agreements; but as I told you, there is a steady oversupply of silver flowing into the markets of the world from the melting up of the silver coins of India, and we can not stop it except by an international agreement, and we can not get a conference. Nor can we agree not to produce any more silver, for the simple reason that it is a by-product, as I said before. Therefore to try to meet this oversupply of silver in the world coming from the melting up of the silver coins of India, I introduced a bill which has for its purpose temporarily taking off the markets of the world the silver produced by the mines of the United States.

That would not mean much. We produced last year only 31,000,000 ounces of silver. The world produced last year only 160,000,000 ounces of silver. But if we could temporarily take off the markets of the world the 31,000,000 ounces of silver that we are producing, it would offset the oversupply of 35,000,000 ounces of India. Then we would bring about the status quo that existed in 1929 and prior thereto. We would have the natural mine supply, and we would have the natural demand; and that supply has been uniform throughout the ages—not only uniform in its steady increase of only about 2 per cent per annum but uniform with relation to the production of gold.

There never have been over 14 ounces of silver produced to 1 ounce of gold in a normal year. Nature is as remarkable in that as in everything else. People have an idea that there is an unlimited quantity of silver somewhere, and yet miners have hunted it the world over.

This bill does not cost the Government anything. They buying this silver at the market price, and they pay for it with silver certificates, or certificates of deposit, you might call them, if you want to. It is nothing new. We have to-day \$500,000,000 of silver certificates in circulation throughout this country, and they have been in circulation for over 40 years. We have a standard silver dollar lying in the Treasury behind each one of these certificates, it is true, for redemption if the certificates come in, but they rarely come in, because people nowadays prefer to use paper money. They have never depreciated. It is the best money we have, because it is the handiest. It is the dollar bills, mostly, moving around through people's pockets. It is the only kind of money a man can get to-day, probably. It does not increase the price to the miner. He can get just as much gold for his silver as he can get in silver certificates from the Treasury. It means nothing to him, except that it is the only method by which the producers in the United States can meet the demand of the British Government in India that we reduce our export of metal on the markets of the world. It is the only way we can do it.

It does not mean anything in inflation, does it? Why, there are only 2,700,000 ounces of silver produced each month in this country. The present price is 28 cents an ounce. That does not mean \$1,000,000 in currency added to the circulation monthly. Our Government, through the Reconstruction Finance Corporation act and the Glass-Steagall bill, attempted to make currency available up into the billions, and they have not succeeded. This would add only a million dollars a month to the circulation. It would move to the producer, and through him to the miner. It would go into the purchase of materials to be used in the mines. It would not be inflation.

Of course, we are met with the objection that "silver is a commodity, and why favor this commodity." It is no more a commodity than gold. Over half of the gold now being produced in the world is used not as money but in the arts and sciences, while, on the other hand, four-fifths of all the silver ever produced in the world and now being produced is used for monetary purposes, and only one-fifth of it is used in the arts and sciences.

But some will say, "It is not money in our country." I will not argue that question. It just happens that we have nearly a billion dollars of silver money in circulation in this country. To-day it constitutes nearly 20 per cent of our money. We are not worried about that. If Great Britain and Germany and Italy and other countries had had one-twentieth of their reserves in silver, as we have, with silver certificates circulating against it, it would have been a tremendous relief from the strain on their gold reserves, which did happen.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. PITTMAN. I am not going to speak any longer on this subject, Mr. President; but I ask leave to place in the RECORD, as a part of my remarks, correspondence with Mr. Ogden Mills, Secretary of the Treasury, covering several months' time, primarily directed to a discussion of the bill which is now pending in the Committee on Banking and Currency, and which I believe is going to receive a favorable report on Monday. I place it in the RECORD for the information that it will furnish to any Senator who desires to vote on this subject. I think every question is discussed. I think the issue is so clearly drawn that it is worth while to read it, and I simply ask that that correspondence go in as part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

UNITED STATES SENATE,  
Washington, March 8, 1932.

HON. OGDEN L. MILLS,

*The Secretary of the Treasury, Washington, D. C.*

MY DEAR MR. SECRETARY: On February 11 of this year I introduced a bill authorizing the Treasury Department to purchase silver produced in the United States at the market price of such silver, to be paid for in silver certificates of the denominations of



\$10, \$5, and \$1. This bill is designated as S. 3606. The bill was referred to the Committee on Banking and Currency of the United States Senate. I am informed that the bill, according to the custom in such matters, has been referred to you for such comment as you see fit to make.

This is the first time that I have ever written to any department with regard to any bill referred to it for its consideration. I would not do so in this case except for the fact that I deem the proposed legislation of such vital importance that I feel that it should receive your personal consideration.

It is admitted, I believe, by substantially all economists and financiers who have given careful study to the disruption of international monetary exchange that the extreme and unusual low price of silver in its effect upon the exchange value of silver money with the money of gold-standard countries has been a material factor in the depression of international trade and commerce and the consequent oversupply of commodities in the domestic markets.

The subcommittee of the Foreign Relations Committee of the United States Senate, of which I am chairman, and which was authorized to study this and related questions, found as a fact that the depressed price of silver had, through its effect upon international monetary exchange, been a chief factor in the depression of international trade, the extraordinary depression in our exports and the oversupply of commodities in our domestic markets. This report was adopted by the full committee on Foreign Relations of the United States Senate.

At the time of making the report I introduced a resolution wherein the Senate of the United States respectfully requested the President to call or obtain an international conference or conferences for the purpose of having governments agree to abandon or suspend the policy and practice of debasing and melting up silver coins and selling the silver thus derived upon the markets of the world, and, further, to have governments agree, if possible, upon the status and uses of silver as money. This resolution was unanimously adopted by the United States Senate in February, 1931. No action has been taken by the President.

During this session of Congress a number of bills have been introduced in the Senate and the House looking to legislative action by our Government. I hesitated to introduce any bills looking to separate action by our Government so long as there was any encouragement for international action.

One bill introduced in the Senate, however, by Senator WHEELER, of Montana, provides for the free and unlimited coinage of American silver at the ratio of 16 to 1. This bill naturally has received a great deal of support throughout the country. At the time that Senator WHEELER discussed in the Senate his proposed bill I followed him in an address in which I frankly stated that I did not believe that there was any chance for the consideration of such measure at this session of Congress or at any time in the near future.

I also stated in that address, which was very brief, that the committee of which I am chairman has not and does not seek to change or in any manner disturb our gold standard, but rather to eliminate the legislative and executive action adopted by various gold-standard governments injurious to the silver standard of other countries and depressive of the purchasing power of silver money. I personally believe that those governments which are accustomed to using the gold standard as a measure of value and which are so situated that they may maintain such standard should be encouraged in the sustaining of the gold standard. I personally feel also that it is best for those countries which are accustomed to using silver chiefly as money, and which are not familiar with the gold standard or are incapable of establishing it, should receive equal encouragement in the sustaining of their silver standard and in the maintenance of the exchange value of their silver money.

It is unfortunate that so many of our statesmen are unfamiliar with the production, consumption, and use of both gold and silver. I believe that leading economists and financiers of the world realize that the production of gold is not maintaining pace with the demand for this metal as a monetary base. These same economists and financiers, however, do not realize that there is a limit to the supply of silver in the world as well as gold, that its production has not only maintained a parity with the production of gold of about 14 ounces of silver to 1 of gold through the ages, but that the production of silver is not maintaining pace with the monetary demand for this metal.

Again, while gold-standard countries treat silver as a commodity, in fact it is no more a commodity than gold. Nearly half of the annual mine production of gold is used as a commodity in the arts and sciences. Four-fifths of all the silver ever produced and now being produced is used for monetary purposes, while only one-fifth of such production is used in the arts, sciences, and manufactures.

The production of silver in the world in 1931 was less than it was in the pre-war period of 1913. The production of silver is more regular than the production of gold. There are many gold mines, while there are few silver mines. Two-thirds of the silver produced in the world is as a by-product in the mining of other metals, and thus the production of silver is automatically controlled by the demand for such metals.

I can not understand the fear that seems to exist in the financial departments of certain governments that an intergovernmental conference might be dangerous. Such fears are not indulged in by the leading statesmen and economists of such governments. The London conference on disarmament could have adopted policies that would have meant increased militarism, but

we were not afraid to take part in such conference because our Government would not have been bound by any determination that we might have considered antagonistic to our interests or to the principles that we hold.

There is no doubt that the extreme and unusual depression in the price of silver is due to the unnatural supply of the metal derived from the debasing and melting up of silver coins by governments and the dumping of such silver on the market of the world, and not to overproduction of mines. No government to-day except the British Government for India is pursuing the policy and practice of melting up silver coins. Undoubtedly every government would be ready to agree to abandon this practice and policy. If nothing else could be agreed upon, this alone would relieve the situation and reestablish to a great extent the price of silver on the law of natural supply and demand.

Our people, as well as the people of the world, however, are becoming impatient with inaction. Legislators are attempting to remedy the situation through individual government action. To meet this demand and to substitute what may be considered sound legislation for proposed acts that will meet too strong conservative opposition, I have introduced the bill I am referring to in this letter.

The first result of the act, if it becomes law, will be to allow the producers in the United States to withdraw from the world supply the American production, which for 1931 will be less than 31,000,000 ounces. In 1931 the British Government for India dumped upon the market of the world 35,000,000 ounces of silver derived from the melting up of silver rupee coins of India. The withdrawal of the American production from the world market would, therefore, to a certain extent offset such dumping from India and tend to stabilize the market upon the basis of natural supply and demand.

The second effect will be to furnish a sound currency for circulation in the United States and use by national banks and Federal reserve banks as a part of their legal reserve. At the present time, as the production of silver in the United States is about 2,500,000 ounces a month, and as silver is 30 cents an ounce, it would add approximately \$750,000 a month to our circulating currency.

This must seem infinitesimal when, at the present time, we are seeking, through the Reconstruction Finance Corporation act and the Glass Banking Act, to increase our circulating currency two or three billion dollars almost immediately. This additional currency, I take it, is only an emergency issue that will be withdrawn from circulation as rapidly as conditions will permit, and possibly too rapidly, as has been done in the past.

Certainly the issue of this silver-certificate currency is demanded at the present time, and when the contraction of the currency issued under the acts I have referred to commences to take place, in conjunction with the continual contraction of national bank-note circulation, the small amount of such issue of silver certificates can have no detrimental effect, and may tend to offset precipitate deflation.

The third effect of the act will be to enlarge the legal tender qualifications of the silver certificate. It makes such certificates full legal tender. This adds to their qualifications as a part of the legal reserves of national banking associations and Federal reserve banks. It does not add, however, to any great extent to their value as circulating currency, as the full value of such currency has never been questioned.

We have had silver certificates in circulation since 1878. The first silver purchased and even the silver purchased under the act of 1890 was purchased with gold or currency convertible into gold. Subsequently, it is true, Treasury certificates and gold notes were taken up by an issue of silver certificates which were only redeemable in standard silver dollars and had no gold security. These certificates, however, have always circulated freely and have been accepted without complaint or depreciation. While they are not legal tender in the full sense, they are legal tender for customs dues, imposts, and public dues. This demand for such certificates was ample to guarantee their legal tender value.

Again, the present circulating silver certificates are secured only by standard silver dollars in the United States Treasury and by act of Congress requiring the Secretary of the Treasury to maintain the parity of all currency issued. Under the bill that I have introduced, all of the silver purchased by the silver certificates is held in a special fund, not only for the purpose of the redemption of each dollar certificate by a standard silver dollar, but for the additional security against depreciation.

For instance, at the present time a \$1 silver certificate would purchase in excess of 3 ounces of silver. Approximately seventy-eight one-hundredths of an ounce of such silver would be coined into a standard silver dollar, leaving as additional security for the redemption of that silver certificate enough silver to coin three additional silver dollars. In other words, if it were necessary to meet a depreciation of the silver certificate such certificate could be redeemed by four standard silver dollars instead of one. Whether silver goes up or goes down, the entire silver purchased at the market price with the silver certificates would always be in the possession of the Treasury Department in a special fund. I assume that everyone admits that silver has reached the bottom.

This suggested act is the least that our Government can do for the restoration of the purchasing power of silver money throughout the world and the reestablishment of the equilibrium of exchange between gold-standard countries and silver-money-using countries.

Realizing as I do your great ability as an economist and financier and your wide knowledge of these subjects, I have taken the



liberty for the first time since I have been in the United States Senate of requesting a Secretary of any of our great departments to give his personal consideration to a bill that has been referred by a Senate committee to his department for consideration and comment. I sincerely desire to be advised by you with regard to this legislation and as to your views on the various subjects that I have discussed in this letter.

I would be happy to offer any amendments to the legislation that I have introduced that wisdom should seem to require, or to take such other steps looking to the remedying of the unfortunate exchange situation to which I have referred that may be deemed advisable at the present time.

I am inclosing, for the purpose of aiding you in your consideration of this matter, an excerpt from the CONGRESSIONAL RECORD of February 11, 1932, containing a copy of the bill referred to and also certain interpretations of the bill made by me that were filed at the same time.

With expressions of respect, I am, sincerely,

KEY PITTMAN.

THE SECRETARY OF THE TREASURY,  
Washington, May 2, 1932.

MY DEAR SENATOR: I have your recent letter inclosing a copy of S. 3606, "to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes," and requesting my opinion on the present silver situation and the proposed bill.

The bill provides for purchases of domestically produced silver by the Director of the Mint in amounts not to exceed 5,000,000 ounces per month at the current market price for the metal in the United States, and for the issuance of silver certificates in amounts necessary to pay for the purchases. The new certificates and all other silver certificates previously issued by the Government would be given full legal tender status and, furthermore, would be counted as lawful reserve when held by national banks or by Federal reserve banks.

You have indicated very clearly your reasons for urging the Congress to act favorably on the proposed bill. In your opinion the decline in the price of silver has been one of the important factors in the world-wide depression in which the price of silver has also been adversely affected by sales of the metal by countries which are demonetizing silver. Although you believe that the most appropriate solution would be an international agreement to continue the use of silver for monetary purposes wherever possible, you propose the present measure in order that the United States Government may afford some immediate relief.

I am in agreement with you as to the seriousness of the present low prices of silver and of other commodities and of the hardship which has accompanied the decline in the general price level during the past two years. However, I believe that the low prices of silver, as well as of other commodities, reflect conditions which must be remedied by readjustments in basic conditions rather than through the creation of artificial demand.

As I see it, the rapid decline in silver prices to the now record low level is to be accounted for chiefly by reference to the following major factors: (1) World-wide depression accompanied by general declines in commodity prices; (2) sale of silver by governments, more particularly the Indian Government; (3) the effect of the large silver holdings of the Indian Government which overhang the market as a potential increase in the supply already burdensome; (4) maintenance of production at a high level.

The relation of the low price of silver to the international trade of countries on the silver standard has, I believe, not always been clearly presented. Temporarily the fall in the price of silver disorganizes the exchanges and tends to promote exports and discourage imports. But in the long run the international purchasing power of these countries, such as China, is not determined by the value of their silver holdings, but by the value of the raw materials, manufactures, and services which they have to offer foreign purchasers. These do not include silver in an important degree. In fact, China and India are customarily importers, not exporters, of silver.

To the extent that changes in the monetary uses of the metal have been a factor in the depressed price of silver, the problem would seem to be similar to that of a commodity, one of the uses of which has been modified. In such cases a readjustment eventually takes place in the market for the commodity whereby either new uses are developed for the available supply or the supply is adjusted to the reduced demand. I agree, however, that it would be highly desirable if foreign governments could be induced to restore the previous standard of their silver coins.

From the point of view of this country's currency system, it is the opinion of the Treasury that the currency features of the proposed bill do not represent a necessary or sound use of silver. The currency requirements of the country are adequately provided for in the Federal reserve act and by the operations of the Federal reserve system, particularly in view of the recently enacted legislation liberalizing certain provisions of that act. Changes in the money in circulation are determined by the magnitude of the supply necessary to do the country's currency business under the conditions existing at the time. The Federal reserve banks, which have the power to issue currency and extend credit on the basis of discounts for member banks and transactions in the open market, operate to provide the country with a flexible amount of currency which readily adjusts itself to the changing requirements of the public. From the point of view of providing for the country's currency requirements on the most effective and eco-

nomical basis, the suggested purchases of silver and issue of silver certificates would be entirely unnecessary.

In this connection I should like to point out that the Reconstruction Finance Corporation and the Glass-Steagall bill are not expected to result in a marked increase in the money in circulation, except to the extent that the revival of business may call for increased circulation. These measures are designed to give greater flexibility to our credit system in meeting the unusual liquidation of credit which has accompanied the later stages of business depression and to broaden the base for credit expansion. Although the Glass-Steagall Act provides greater flexibility in the security for Federal reserve notes, an increase in the money in circulation is not necessary for the general purposes of the reconstruction program.

Under the proposed bill the United States would in effect be offering artificial support to the silver market, the benefits of which would accrue entirely to the American silver producers. Public moneys would be expended for a commodity which under the operation of the bill would be a dead asset to the Government. Only a limited amount of silver coin is needed for circulation. It would not be possible for the Government to dispose of the silver without interfering with the major purpose of the bill; that is, the stabilization of the silver market. If, as you assume, the gold standard for our currency is to be continued, the acquisition of large amounts of silver by the Government would in no way improve the Treasury's ability to maintain the proposed silver certificates on a parity with the standard gold dollar. Ultimately the purchases of silver under the bill would in fact tend to lessen its ability to do so.

To authorize silver certificates held by national banks to be counted by them as legal reserves would be inconsistent with the present system of reserves now provided. The reserves of national banks as well as other member banks of the Federal reserve system must by law be maintained in the form of deposits with Federal reserve banks. It would be unsound to make an arbitrary revision of member bank reserve requirements without due consideration for all factors involved, including the effect of such revisions on the structure and operations of the Federal reserve system, particularly since member bank reserve requirements as provided in the Federal reserve act have recently been the subject of study by the Senate Committee on Banking and Currency and by the Federal Reserve Board.

In view of these considerations, I should doubt the wisdom of the bill in question.

Very truly yours,

OGDEN L. MILLS,  
Secretary of the Treasury.

HON. KEY PITTMAN,  
United States Senate, Washington, D. C.

UNITED STATES SENATE,  
Washington, May 9, 1932.

HON. OGDEN L. MILLS,

The Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: I am pleased to receive your very interesting letter of May 2 in reply to my letter addressed to you under date of March 8, relative to Senate bill 3606, to authorize the purchase by the Government of silver produced in the United States with silver certificates and at the market price.

I am pleased by your statement, in which you say, "I am in agreement with you as to the seriousness of the present low prices of silver and of other commodities and of the hardship which has accompanied the decline in the general price level during the past two years."

It is also gratifying to read your statement in your letter, wherein you say, "I agree, however, that it would be highly desirable if foreign governments could be induced to restore the previous standard of their silver coins."

I am at a loss to understand why you are interested in the fineness of the silver coins of other countries in view of the position you take in other portions of your letter. If the reduction in the fineness of the silver coins of other countries has in no way affected our trade and commerce, in what manner are we interested? If the restoration of the previous standard of their silver coins would in no way affect our trade and commerce, in what manner are we interested?

It is true that you account for "the rapid decline in silver prices to the now record low level" to "sale of silver by governments, more particularly the Indian Government" and "the effect of the large silver holdings of the Indian Government which overhang the market as a potential increase in the supply already burdensome."

In what way is such supply "already burdensome"? You mean that it is burdensome in that it has beaten down the price of silver? It is evident from your letter that you have so little interest in the production of silver in the United States that you are unwilling to favor any action that will tend to protect it. Your letter would indicate that you believe that the depreciated price of silver and the consequent low exchange value of silver money with our gold-standard money has no material effect upon our export trade. What do you mean, therefore, by the oversupply of silver as burdensome? I have as clearly as possible stated in my letter to you wherein I consider that such oversupply is not only burdensome but has depressed the price of silver throughout the world to the enormous injury of our export trade with silver-money-using countries.

You are right in your statement that China is an importer and not an exporter of silver. So is India, with the exception of exportations by the Government. These countries, since the begin-



ning of time, have consumed two-thirds of all the silver the mines of the world have ever produced, and are even now, under the most adverse circumstances, consuming substantially the same amount of silver. Of course, these countries do not export silver, because they use it as money, as a representative of values, of wealth, and an instrument of trade and commerce.

It is true that business in China has prospered under the depressed price of silver because it has acted as a prohibitive tariff wall would act in preventing imports by China from gold-standard countries while at the same time tending to increase her exports to such countries. The Bureau of Foreign and Domestic Commerce of our own Department of Commerce discloses this fact quite clearly. China still exports large quantities of silk to us. The exporters, who are largely foreigners, get the gold from us and pay the Chinese producers of silk in silver. Such gold does not remain in the hands of the people of China.

Whilst the great cities of China have been booming by reason of the depressed price of silver, the people of these cities have practically ceased to buy from us. I base this statement upon our trade reports issued through the Department of Commerce and the State Department. If you desire me to quote them, I will take pleasure in doing so.

The British economic report for the Far East for 1930-31 states that the depressed price of silver is destroying British trade in China. The report cites the fact that Great Britain's exports of cotton piece goods to China fell off from 210,000,000 linear yards in 1929 to 64,000,000 linear yards in 1930. In this same report it is stated, "The continued depreciation of the value of silver has enormously reduced the purchasing power of China, and, if it continues, will hasten the growth of industries in China, the manufactures of which will compete with imported products from Great Britain. Reduction in the value of silver also increased the difficulties of China in meeting interest on foreign loans, and so compels her to raise further revenue by increasing import duties."

Sir Hugo Cunliffe-Owen, Bt., head of the British tobacco trust, published an article on this subject in the Financial Times, of London, on September 23, 1931. He says:

"What, then, are the causes of our economic and financial troubles? Put very briefly, they are the appreciation of gold in gold-standard countries and the depreciation of silver in silver-standard countries."

"The fall in commodity prices is common to all gold-standard countries, but no such fall has occurred in China, that vast potential market for British goods, which still operates on a complex silver standard."

"The reason for this distinction is that silver, the Chinese standard of value, is itself regarded by the western world as an ordinary commodity and has depreciated heavily in terms of gold along with the general trend of commodity prices."

"The importance of this fact, from the point of view of China's purchasing power abroad, is obvious, but its effects are severe also in other countries."

This effect upon gold-standard countries of the depreciated exchange value of silver money has been publicly concurred in by such great business men and shippers as Sir Henri W. A. Deterding, managing director of the Royal Dutch Combine; Lord Hunsdon; Sir William Dampier; the Right Hon. L. S. Amery, M. P.; the Right Hon. Sir Robert Horne; Dr. J. Hans, of Vienna; Holger Koefoed, economist of the Norwegian Bankers' Association; Sir Osborne A. Smith, governor of the Imperial Bank of India; and numerous other distinguished economists, financiers, and business men.

As I deem this subject of so much importance, I know that you will bear with me in quoting a few statements from prominent Americans relative to this subject.

President Hoover, speaking before the American Bankers' Association, at Cleveland, October 2, 1930:

"The buying power of India and China, dependent upon the price of silver, has been affected."

Julius H. Barnes, chairman of President Hoover's national business survey committee, in an article written by Mr. Barnes in the New York Times of November 2, 1930:

"The final mistake was made of treating silver as a commodity although it still represented resources and capital and credit to more than half of the population of the world. Silver, which had been a standard money of the world for 20 centuries was in a few months to be treated in the market as a commodity, without mature consideration as to the effect on the initiative and confidence of a thousand million people. A price of silver which fluctuated from \$1.35, some few years ago, to 35 cents to-day, and yet symbolizes the credit and resources of a great people, could not but harm the business structure of the world."

Mark Sullivan, writing from Washington in June:

"The purchasing power of all Asia is reduced by the fall in the price of silver. This in turn diminishes the purchasing power of Europe. The final net is reduced volume of international trade, including American exports. The same cause accounts, in part certainly, within Asia, for domestic disturbances, which in the case of China are described in terms of communism and of India in terms of salt."

Wall Street Journal, in a survey of business conditions:

"The trade with China is of vast importance to the commercial nations of the world."

"With the United States alone it amounts to over \$300,000,000 a year. Indirectly its trade with the United States is much more. One instance is that of cotton. It is one of England's greatest customers for cotton goods, which England makes from American cotton. The drop in silver means that Chinese exchange must decline. The purchasing power of silver therefore reacts on all

countries with merchandise to sell. China is not only a purchaser of goods but a borrower in the money markets of the world."

Dr. Julius Klein, Assistant Secretary of Commerce, in a statement to the subcommittee of the Foreign Relations Committee of the United States Senate, made on June 26, 1930:

"In explanation of the considerable loss in both our import and export trade with China, three principal factors may be emphasized: (1) The renewal of extensive and energetic military activities in north-central China and the Yangtze Valley throughout the first half of 1930; (2) the lower prices obtaining in the world markets for many commodities, and particularly those which figure most importantly in China's exports; and (3) the low price of silver. These three factors, as well as minor contributing ones, all blend into the one general cause for the reduction of China's trade; that is, the reduction in China's purchasing power brought about by them."

And again:

"China being on a silver basis receives all of her income in China in silver, and all she receives from abroad must be paid for in silver, but upon a gold valuation. From our Table II we note that the average dollar value of the Shanghai tael in 1928 was 64.30 gold cents; in 1929, 58.42 cents; in May, 1930, 44.69 cents; and July 22, 1930, 36.74 cents. A simple way to state the problem is the obvious one that, other things being equal, China can not buy as much goods from abroad for 36 cents as it could for 64 cents."

The Irving Trust Co., of New York, in the Mid-Month Review of Business for December, 1930:

"Inasmuch as China is on a silver basis, her purchasing power in terms of imports has been melting away and thus American sales have woefully declined. In addition, the Chinese are suffering from a world-wide decline in the gold prices of the commodities which they export. It seems safe to infer that the silver catastrophe has been a major factor in the unrest in India and economic crisis in China. If so, the full effects of the situation have not yet been witnessed."

Department of Commerce report of February 4, 1931:

"The silver situation continues to be the all-absorbing topic of interest in Shanghai business circles. . . . The outlook is thus uncertain and, combined with continued instability, is reflecting unfavorably upon both the import and export trade."

John Brisben Walker, writing in the New York Times, says:

"The effect on India and China will never be known in its fullest horror. The immediate depreciation of the only stock of money—silver—stopped trade and starved whole provinces. It caused millions of deaths."

H. H. Stevens, former Secretary of the Treasury of the Dominion of Canada, now Minister of Trade and Commerce, in an address to the Canadian Legislature:

"One billion people in the Orient, in China, in India, in the Malay States, and in Mexico are deprived of two-thirds of their purchasing power by the action of the nations. There is one reason for the agricultural and commercial depression which exists to-day all over the world. One-half of the human race is living below the margin of decent living. In fact, millions upon millions in China during the present year have died largely because of the inadequacy of their purchasing power."

J. F. Darling, director of the Midland Bank of London, in an address before the Royal Empire Society of London:

"Gold has been accorded a value more than sixty times that of silver to-day, despite the fact that the relative production of the two metals has been what it now is for the last four or five centuries. Over that long period only 14 ounces of silver have been produced for each ounce of gold. That proportion has shown no change for the last five years, but in the same length of time the price of silver has fallen from 64 to 28 cents an ounce."

"This has been terrific in its effect on the purchasing power of a billion people in the world which in return reacts against another billion. . . . We are fools to put up with it. Common justice, common humanity, and common sense urgently demand that the British Empire take the lead in restoring the equilibrium of gold and silver on which the economic structure of the world rests."

E. Kann, international authority on the currencies and finances of China:

"The sale by governments had a doubly harmful consequence. First, because extra quantities of silver were thrown on the market, irrespective of whether, when, or where these were wanted; and, second, the baneful psychological effect caused by the uncertainty, or rather the certainty, of more coming in the near future. This has been a huge black cloud overshadowing the silver market like an angel of death."

Mr. Chunilal Mehta, of India, addressing the annual meeting of the Bombay Bullion Exchange in January, 1931, said:

"But more important than the 'Rex' scheme for the rehabilitation of silver is the giving up by the Government of India of their policy of silver sales. . . . The Government of India has sold until now approximately 87,000,000 ounces of silver, . . . and it seems that the government policy is not yet revised. These sales of silver by the Government of India and the world knowledge that a further large amount is for sale have depressed the world market to the present low level."

Most of these statements were made practically two years ago. Since that time silver continued to fall rapidly until it reached a price as low as 25½ cents an ounce. It has been below 30



cents an ounce for months. Since these statements were made commodity prices in the United States and other gold-standard countries have followed silver in the downward course, notwithstanding the enactment of the Reconstruction Finance Corporation act and the Glass-Steagall Banking Act. Since those statements were made unemployment in the United States has steadily increased and is now increasing. Since those statements were made our export trade has been steadily decreasing. Our domestic market has followed our export market in its collapse.

We are told that we have overproduction, yet we know that our people are suffering from underconsumption. We know that we have a surplus in this country, and that we always will have a surplus until we open our foreign markets for such surplus. We know that we can never have a profitable domestic market, that is, that commodity prices can never rise above the cost of production until we move our surplus out of the United States.

What is the Government doing toward the restoration of our export trade? The United States Senate adopted a resolution that I introduced over a year ago, requesting the President to take the leadership in the matter of calling a conference for the purpose of removing the causes that are depressing the price of silver and thus increasing our export trade to silver-money-using countries. No conference has been called and probably will not be for some time to come if the present attitude is maintained.

Sir George Shuster, treasurer of India, in refusing to cease the practice of melting up silver coins and of adding to the supply of silver in the world, has challenged the producers of silver to reduce their production. This can not be accomplished in the United States because 75 per cent of our silver production is as a by-product of the mining of other metals. These metals will always be mined when there is a market for them.

We can partially accomplish this demand on the part of Sir George Shuster by taking our production of silver off the market for a period of time under the provisions of the bill that we are discussing.

You contend that there is no more reason why our Government should purchase silver produced in the United States than that we should purchase any other commodity. It is painful for me to reiterate my argument that silver is no more of a commodity than gold and that it is money to over half of the people of the world to whom we desire to sell, and their only money. If the purchase of American silver even with gold—and I do not ask to have it purchased with gold—would restore our export trade with silver money using countries, we would profit by buying the silver if we dumped it in the ocean.

At the present time we could buy the annual production of silver in the United States for \$10,000,000. If we limit the purchase to six years, it would only be a small fraction of what we have wasted through the Farm Board; but I do not propose that we shall buy the silver of the United States with gold. I propose that we shall buy it with silver certificates, or certificates of deposit, as they might be termed. It will cost the Government nothing. The issuance of these certificates is too insignificant to even be termed "inflation." We issued over \$500,000,000 worth of silver certificates in this country at a time when we had only \$1,000,000,000 gold reserve. To-day we have nearly \$5,000,000,000 of gold reserves. The \$500,000,000 worth of silver certificates that have been in circulation for 40 years or more have not threatened our gold standard nor constituted an inflation. They constitute one of our most practical forms of currency. They are rarely ever surrendered to the Treasury Department for redemption in silver dollars.

Certainly if the purchase clause of the act was limited to six years, you could have no objection. Your argument in such event that maintaining parity might eventually be burdensome must in such a case fall. I have proposed such an amendment to the subcommittee of the Committee on Banking and Currency of the United States Senate.

I have further proposed another amendment, and that is that purchases shall not have to be made at a price in excess of 10 cents an ounce above the average price for the three preceding calendar months. This certainly will prevent any sudden or unusual rise that may affect exchange.

You further object in your letter to the issuance of the infinitesimal amount of silver certificates on the grounds that no further circulating currency in this country is needed. You evidently include in the words "circulating currency" money that is in the banks. That money at the present time is frozen as tightly as the eternal ice of the North Pole. What we are interested in is circulating medium in the hands of the purchasers of this country.

You refer to the Reconstruction Finance Corporation act and the Glass-Steagall Banking Act. The first act was never intended as anything except an increase in the reserve of banks and corporations to prevent failures and receiverships. That is all that it has done and that only to a limited extent.

It was hoped by its authors that the Glass-Steagall Banking Act would induce the banks to borrow from the Federal reserve bank currency to the extent of billions of dollars and circulate it through loans to the people of the country. This desire has not been accomplished. The banks have not availed themselves of the act. No one can blame them. The officers of any bank that would lend money upon any industry that could not pay a profit would be criminally negligent. Any man or corporation that would borrow money and pay interest thereon, who could not earn a profit on it, would be irresponsible. No one can make a profit on industry at present commodity prices. Everyone engaged

in industry has more money invested now than he can earn a profit on. Industry could not borrow and banks could not lend. For such reasons the Glass-Steagall Banking Act to date has proven almost useless.

If the Government does not desire to have Federal reserve banks and member banks utilize silver certificates as lawful reserve, then that provision may be stricken from the bill.

I hope that, in view of the amendments that I have offered to make and am willing to make, you will not attempt further to oppose the enactment of such legislation.

With expressions of respect, I am,

Sincerely,

KEY PITTMAN.

TREASURY DEPARTMENT,  
Washington, June 9, 1932.

MY DEAR SENATOR: Receipt is acknowledged of your letter of May 9, 1932, with further reference to S. 3606, "to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes."

Although the proposed amendments to this bill by which Government purchases of silver under its provisions would be limited to a period of six years and to prices not in excess of 10 cents an ounce above the average price for the preceding three months constitute an improvement, the bill would, in my judgment, still be subject to the objections that the proposed operations would prove ineffectual in accomplishing the objects sought by the bill and are not in the interest of the country as a whole.

The conflict between our respective views on this general subject seems to me to be due in no small measure to the fact that much of your argument rests primarily on the assumption that the decline in the price of silver has been an important cause of the contraction in the volume of international trade, and consequently has been an important factor operating to produce and prolong the depression. In my opinion the decline in the price of silver has been primarily a result and not a cause of the depression. This is true even as regards conditions in the Orient. Although admittedly the foreign trade of a silver-standard country is temporarily disturbed during periods of marked change in the value of silver, adjustments to the new value of silver in terms of gold are relatively soon accomplished and the major continuing influences which determine the state of the country's national trade are those conditions which affect the quantity and value of the materials and services which it has to offer in foreign markets. Shrinkage in the foreign trade of China as in that of every other nation during this period of depression has accompanied declines in commodity prices in general, contraction of markets, and decrease in production and trade. Conditions of world depression have affected the markets for silver as they have affected the markets for practically all other commodities.

In this connection, it is interesting to note that despite the temporary obstacle to China's foreign trade which inevitably resulted from the marked decline in the value of silver, adjustments to the new level have apparently been accomplished fairly rapidly although admittedly not without loss and suffering. For instance, while our total exports showed a decline of about 54 per cent between 1929 and 1931, our exports to China declined by less than 27 per cent, and as between the first two months of 1931 and these same months of 1932 our total exports showed a decline of about 36 per cent, while exports to China actually increased by about one-fifth.

As stated in my previous letter, the rapid decline in silver prices to record low levels is to be accounted for chiefly by (1) conditions of world-wide depression accompanied by declines in commodity prices, accentuated in the case of the leading silver markets by seriously disturbed political and social conditions in the Orient; (2) the sale of silver by governments, more particularly the Indian Government; (3) the effect of the large silver holdings of the Indian Government, which overhang the market as a potential increase in the supply of silver, indicated by the prevailing low prices for the metal and already burdensome to the silver market in view of existing conditions of demand; and (4) the maintenance of production at relatively high levels.

In view of the magnitude of the factors which seem to account for the present low level of silver, the withholding from the market of the new silver produced in this country over a period of six years would not be likely to affect basic conditions in the silver markets materially. In my opinion there is little to be gained under present conditions from attempts to lift the prices of individual commodities by artificial means. The experiences of the past years in such attempts have not been particularly successful. Certainly the purchase and withholding from the market of our annual production of silver would not seem to be a very effective instrumentality through which to attempt to revive our foreign trade by means of price manipulation.

Another important point of divergence in our respective views relates to your position that it is inaccurate to consider silver as a commodity. I can not agree with your statement that silver is money for over half the people of the world to whom we desire to sell, and their only money. China is the only country representing any very considerable proportion of the world's population which is actually on a silver standard, and the proportion of China's population to that of the rest of the world exaggerates the importance of China's trade in the aggregate international commerce of the world. Furthermore, as I have already intimated, China's interest is not in a higher price for silver but rather in stable silver.



Clearly your proposal involves two conflicting interests: On the one hand that of the silver industry, which is in higher silver prices; and on the other that of the silver-using countries, which is primarily in stable prices for silver. As to the first, I should, of course, be glad to see improvement in the silver industry, as in all of our industries, operating as they are under conditions of severe depression. I should be loath, however, to single out the silver industry and to extend to it a special Government subsidy involving currency operations which are at best unnecessary and without advantage. To argue that such a subsidy would restore our foreign trade is to overlook the major causes which have brought about the decline.

As regards the interest of such countries as China, I believe that their chief interest, as well as that of any other nations, is in the reestablishment of improved economic conditions generally, as a result of which markets for commodities will be rehabilitated and profitable production on an increased scale will be possible.

Declining silver prices have doubtless exerted a temporary influence favorable to China's export trade and unfavorable to her import trade. Increasing silver prices might be expected temporarily to reverse these effects. In both cases, however, the net result of dislocation in her national economy on account of adjustments to fluctuating exchanges would seem to be adverse.

In conclusion, I wish to emphasize again my belief that the currency feature of your proposal is entirely unnecessary and undesirable. Through the operation of the Federal reserve system adequate provision has been made for the country's currency requirements, and if silver were to be purchased by the Government there would be no need whatever for providing additional currency facilities to accommodate such increase in the demand for currency as theoretically or actually might result from such operations. The artificial character of Government purchases of silver would not be lessened by the effecting of such purchases through the issuance of silver certificates. From the point of view of our monetary and banking system, this issue, even though restricted in amount, would be undesirable and unnecessary.

Very truly yours,

OGDEN L. MILLS,  
Secretary of the Treasury.

HON. KEY PITTMAN,  
United States Senate, Washington, D. C.

UNITED STATES SENATE,  
Washington, June 17, 1932.

HON. OGDEN L. MILLS,  
The Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: I have the honor to acknowledge the receipt of your letter of June 9, 1932, in reply to my letter of May 9, with reference to S. 3606, "to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes."

This correspondence between us, inaugurated by my letter of March 8 addressed to you, has clearly defined the issues between us, and has defined not only the scope and purpose of the act, but has served as a complete discussion of the entire silver-money problem.

In your letter, which I am now answering, you contend that the decline in the price of silver has not been an important cause of the contraction of the volume of international trade. You further contend that the decline in the price of silver has been primarily the result and not the cause of depression. You state that this is true with regard to conditions in the Orient.

In my letter to you under date of May 9 I cited published statements by well-known statesmen, economists, financiers, and business men throughout the world expressing opinions diametrically opposed to those held by you.

The first witness to testify before my subcommittee of the Foreign Relations Committee of the United States Senate dealing with our commercial relations with China was Dr. Julius Klein, Assistant Secretary of Commerce, and formerly in charge of our Far Eastern commercial matters. Doctor Klein, on June 26, 1930, in dealing with the effect upon our export trade with China of the depreciation in the value of silver, says:

"China, being on a silver basis, receives all of her income in China in silver, and all she receives from abroad must be paid for in silver, but upon a gold valuation. From our Table II we note that the average dollar value of the Shanghai tael in 1928 was 64.30 gold cents; in 1929, 58.42 cents; in May, 1930, 44.69 cents; and July 22, 1930, 36.74 cents. A simple way to state the problem is the obvious one that, other things being equal, China can not buy as much goods from abroad for 36 cents as it could for 64 cents."

Let me quote a later opinion of our Department of Commerce. I am quoting from the statistics of our trade with China, as found at page 504 of the Commerce Yearbook for 1931, volume 2, entitled "Foreign Commerce." The report says:

"As in all other parts of China, heavy declines in silver exchange reduced purchasing power and curtailed imports."

In reply to your opinion that the decline in the price of silver has been primarily a result and not the cause of the depression, let me call your attention to the statement of Doctor Klein which I have hereinbefore quoted. His statement discloses that the price of silver commenced to fall rapidly in 1928, and that in 1929 the price was approximately 15 per cent below what it was in 1928.

Commodity prices with the exception of probably agricultural products were not falling during that period of time. The decline in the price of silver preceded the decline in the price of com-

modities. I believe that you will find that in nearly every case the decline in the price of silver has preceded the decline in the price of commodities.

You compare the decline in our export trade to China with the decline in our export trade to gold-standard countries for the purpose of sustaining your argument that the decline in the price of silver was not responsible to any great extent for the depression in our exports to China. I have before me tables prepared by the Department of Commerce relative to our exports to and imports from China for the years 1928, 1929, 1930, and 1931. Our exports to China during such years are as follows:

1928.....	\$165,885,000
1929.....	155,571,000
1930.....	112,776,000
1931.....	114,445,000

In 1928 the average price of silver was 58.48 cents an ounce. In 1930 the average price was 38.46 cents an ounce. During 1931 the price remained comparatively steady around 30 cents an ounce.

To study therefore the coincidence of the fall in the price of silver with the depression in our exports to China we must take the years 1928 and 1930. We find that during that period of time the price of silver declined approximately 34 per cent. The table that I have quoted from, above set out, discloses that during the same period of time our exports to China declined approximately 32 per cent.

Our exports to China did not decline in 1931 below 1930 for two reasons. In the first place, there was no substantial decline in the price of silver. In the second place, our exports of raw cotton and tobacco increased materially by reason of the great enlargement in China of plants for the manufacture of cotton goods and cigarettes.

This development was similar to the developments in Europe, but from different causes, however. The establishment of manufacturing industries in Europe by our own industrialists was due to the high tariff walls erected or proposed to be erected by European countries against our exports. In the case of China it was due to the low-exchange value of their silver money with our gold-standard money. It is true that the Chinese tariff added to the difficulties of the exchange situation.

Let me illustrate the argument I am presenting. Take raw cotton for instance: In 1928 we exported to China \$17,743,000 worth of cotton; in 1931, \$37,748,000 worth of cotton. That would seem to indicate that our cotton planter had profited by the situation. That is not true, however.

Let us consider our exports of raw cotton to the United Kingdom during the same period of time. In 1928 its value was \$198,068,000; in 1930 it was \$94,288,000. Our exports of raw cotton to England declined because, as stated in the report of the British Economic Mission to the Far East, Great Britain's exports of cotton piece goods to China fell off from 210,000,000 linear yards in 1929 to 64,000,000 linear yards in 1930. I have quoted in a former letter to you from the report of this economic mission showing that this falling off in exports is attributable by the mission to the low price of silver.

Now, whilst the export of raw cotton has increased and the export of tobacco has been maintained for the reasons I have stated, let us examine the statistics of the Department of Commerce to see how other products have been affected. Take wheat for instance: In 1929 our exports to China of flour were \$15,490,000; in 1931 they were \$6,467,000. Take iron and steel products: In 1929 they were \$7,143,000; in 1931 they were \$3,386,000. Take Douglas fir: In 1929, \$4,252,000; in 1931, \$2,399,000. Automotive products: 1929, \$4,619,000; 1931, \$1,896,000. Canned milk: 1929, \$1,463,000; 1931, \$870,000. Petroleum products: 1929, \$26,195,000; 1931, \$12,027,000.

I know that you will give weight to and be pleased to receive the opinion of the British Economic Mission to the Far East, which filed its report in 1931. This commission was headed by Sir Ernest Thompson, J. P. (chairman), and was composed of distinguished economists and commercial experts. Six months were devoted to this economic study. The report is searching and complete. I herewith set forth the entire statement under the subhead "The Silver Question":

"There exists in China to-day one outstanding problem which faces all nations desirous of selling their goods in the China market. The deplorably low silver values, and the consequently much reduced buying of the vast populace, are factors contributing to restrict the increase of imports into China from foreign countries. Finding it increasingly difficult to buy (for payment in gold) goods from abroad, China will be driven to discover ways and means of producing her own requirements. Should she continue to remain on a greatly depreciated silver basis, for some years, it is obvious that she will of necessity not only quickly enlarge her industrial capacity and manufacture goods now made in foreign countries, but will be able to export many of such goods to markets abroad now being served by Great Britain. The potentiality of China with her cheap labor, low standard of living, and depreciated currency is too obvious to require special emphasis. Once a country is driven in on her own resources there arises the possibility of a market being permanently lost. The first and foremost problem for Great Britain is that of supplying China with manufactured goods but it does not stand alone. Any falling off in trade automatically brings about a corresponding reduction in the income of British ships from freight, and concurrently, a reduction in insurance premia payable to British companies.

"Consideration of China's currency problem in another direction seems desirable. With every move downwards in silver values



China has to bear increasing financial burdens arising from the payment in gold of interest on foreign loans. She has to meet these obligations by imposing new duties which in their turn further restrict imports. China's funded debt due to foreign countries in principal and interest on January 1, 1931, stood at \$202,000,000. In addition, there is a considerable floating debt. A very large portion of these obligations is due to British subjects and institutions. If silver falls still lower or even remains at its present level, payment of interest on foreign loans might be affected, much damage to British interests being caused.

"Certain proposed remedies for the decline in the value of silver do not meet China's case. Financial silver-producing interests in their alleged efforts to aid would load her further with this commodity. Such loading would undoubtedly give a momentary fillip to silver prices, and bring relief and joy to silver-producing groups, but has neither virtue nor merit in solving China's currency problem. There is no lack of silver in China. The lack is one of stability in its value.

"Suggestions have been made that the money powers of the world should call a conference with a view to the stabilization of silver at a fixed and definite ratio to gold, and this suggestion should receive the most serious consideration of those nations which trade with China and those which produce or have silver.

"The governor of the Bank of China is in touch with the International Chamber of Commerce. He has called the international chamber's attention to the serious handicap imposed on China's external trade by the continued depreciation of silver, and has stated that the plans for the consolidation of Chinese foreign debts have been considerably disturbed thereby. He asks for an early international conference to consider the question. The response to this request has been favorable, and as a preliminary the executive committees of the International Chamber of Commerce adopted a resolution calling on all national committees and members to urge their governments to take the silver problem into their early consideration in consultation with other governments, including the Chinese Government.

"Great Britain has so large an interest in China's trade that we trust she may be among the foremost to take action with a view to ascertaining what can be done by international agreement to raise the value of silver. We should be among the first to endeavor to arrive at an international understanding for reestablishing silver as a standard basis of credit. The flow of gold to America and France and the sales of silver by India are all factors in a serious situation. The probable shortage of gold in the near future and the overproduction of silver at the present time have raised issues that can not be ignored. There would appear to be no relief from present world conditions unless and until the fundamental matter of currency receives consideration. Upon some solution of this problem hangs the future of international commerce."

As I have stated before, on February 20, 1931, the Senate of the United States unanimously passed a resolution presented by me requesting the President to call or obtain an international conference for the purpose of meeting by agreement the very destructive conditions referred to in the report of the commission just quoted.

Despairing of obtaining action on this matter, I introduced the bill that has been under discussion. Its enforcement would tend to reduce the overproduction, or, more accurately stated, over-supply of world silver. It would tend to meet an emergency such as suggested by the British report until intergovernmental action could be taken. It is in the interest of our commerce and trade. It is only incidentally in the interest of the producer. It neither proposes nor does it give any bonus to the producer. He is paid exactly the same price for his silver with silver certificates that he could obtain in gold in the world market. It is no price-fixing scheme. It is not at all analogous to the purchase of wheat and cotton by the Farm Board. This board had no use for the wheat and cotton it purchased. Our Government has use for the silver and the currency that would be based upon it.

Apparently we can never agree to your theory that silver is a commodity only and nothing else. You state that only one country is really on the silver-standard basis and that is China. I say to you that only two countries are on the gold-standard basis, and those are the United States and France, and the United States alone is on the free gold standard basis.

The British commission has expressed it correctly. It is immaterial what the standard is. The question is what money does the ultimate buyer pay in and what is the value of that money in relation to gold standard money. I again repeat that over half of the people of the world have nothing to purchase with except silver money, and to-day we value that money in exchange for our gold standard money with which to purchase our goods at only 23 cents on the dollar.

You say you can not see that the bill will do much to accomplish the ends that I have in view. I will admit that it will not accomplish as much as is required; but if we can not even get action on this legislation over the opposition of the administration, how can we hope to attempt any fuller accomplishment?

I am advised that a majority of the Committee on Banking and Currency have at all times been in favor of the bill we have been discussing. I am satisfied that your opposition has deterred action on this bill. I hope that you will not only withdraw this opposition but that you will aid us in getting action on the bill.

Sincerely,

KEY PITTMAN.

#### THE BILL REFERRED TO

A bill to authorize the purchase by the Government of silver produced in the United States, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes

*Be it enacted, etc.,* That silver bullion, the product of mines situated in the United States and of reduction works so located, may be deposited at any United States mint for sale to the United States at any time prior to July 1, 1933; and the Director of the Mint is directed to purchase silver so tendered, not in excess of 5,000,000 ounces per month, at the market price of silver in the United States as of the date of tender, if such market price of silver at such date is not in excess of 10 cents an ounce above the average market price of silver for the three preceding calendar months. The Director of the Mint shall continue to obtain and keep the necessary statistics to determine the price of silver for the purposes of this act, and shall publish the same at least every 30 days, and shall deliver such statement of prices to any person, firm, or corporation tendering silver for purchase by the United States Government under this act.

Sec. 2. The silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

Sec. 3. Payment for silver bullion purchased under the provisions of this act shall be made in silver certificates, which shall be issued for that purpose in denominations of \$10, \$5, and \$1; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary for carrying out the foregoing provisions of this act. Silver certificates so issued, and silver certificates heretofore issued, or any silver certificates reissued, shall be legal tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract, and shall be receivable for customs, taxes, and all public dues. Such certificates, when held by any national-banking association or Federal reserve bank, may be counted as a part of its lawful reserve.

Sec. 4. The silver bullion purchased under the provisions of this act shall be coined into standard silver dollars and subsidiary silver coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of silver certificates issued under the provisions of this act, and such coin shall be retained in the Treasury for the payment of such certificates on demand. The bullion so purchased and obtained under this act, except so much thereof as is coined under the provisions of this act, shall be held in the Treasury for the sole purpose of the redemption of the certificates issued hereunder and in the manner herein provided. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this act, not to exceed one-third of the coin required for such redemption shall be made in subsidiary coins, the balance to be made in standard silver dollars.

Sec. 5. When any silver certificates issued under the provisions of this act are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prohibit the cancellation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

Sec. 6. The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this act.

#### EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Howell	Robinson, Ark.
Austin	Copeland	Hull	Robinson, Ind.
Bankhead	Costigan	Johnson	Schall
Barbour	Couzens	Jones	Sheppard
Barkley	Dale	Kean	Smoot
Bingham	Davis	Kendrick	Thomas, Idaho
Blaine	Dickinson	King	Townsend
Borah	Dill	La Follette	Trammell
Bratton	Fess	Lewis	Tydings
Brookhart	Fletcher	Logan	Vandenberg
Broussard	Frazier	McGill	Wagner
Bulkeley	George	McKellar	Walsh, Mass.
Bulow	Glass	McNary	Walsh, Mont.
Byrnes	Glenn	Metcalf	Watson
Capper	Hale	Moses	Wheeler
Caraway	Hastings	Neely	White
Carey	Hatfield	Norris	
Cohen	Hayden	Pittman	
Connally	Hebert	Reed	



The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

#### EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting several nominations in the Army, which were referred to the Committee on Military Affairs.

#### REPORT OF THE POST OFFICE COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Willard Gahhart to be postmaster at Harrodsburg, Ky., in place of S. C. Beardsley.

The VICE PRESIDENT. The nomination will be placed on the calendar.

The calendar is in order.

#### COURT OF INTERNATIONAL JUSTICE

The legislative clerk proceeded to read Executive A, Seventy-first Congress, third session, protocols concerning adherence of the United States to the Court of International Justice, transmitted by the President of the United States on December 10, 1930.

Mr. BORAH. I ask that the protocols may go over.

The VICE PRESIDENT. The protocols will be passed over.

#### TREATY BETWEEN THE UNITED STATES AND ITALY

The Senate, as in Committee of the Whole, proceeded to consider Executive C, Seventy-second Congress, first session, a treaty between the United States and Italy, signed on September 23, 1931, abrogating article 2 of the treaty between the two countries, to advance the cause of general peace, signed on May 5, 1914, and substituting therefor new provisions in respect of the appointment of members of the international commission provided for in that article, which was read, as follows:

#### To the Senate of the United States:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a treaty between the United States and Italy, signed on September 23, 1931, abrogating article 2 of the treaty between the two countries, to advance the cause of general peace, signed on May 5, 1914, and substituting therefor new provisions in respect of the appointment of members of the international commission provided for in that article.

HERBERT HOOVER.

THE WHITE HOUSE, February 3, 1932.

#### The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a treaty between the United States and Italy, signed at Washington on September 23, 1931, abrogating article 2 of the treaty to advance the cause of general peace, signed between the two countries on May 5, 1914, and substituting therefor new provisions in respect of the appointment of members of the international commission provided for in that article.

By article 2 of the treaty of 1914, each Government appointed two members of the commission, one a national and the other a nonnational, and designated the fifth member in common agreement. The treaty now submitted provides for the appointment by each Government of but one member, who shall be a national of the appointing country, and the designation by the two Governments in common agreement of the three other members who shall not be nationals of or domiciled in either country.

Article 2 of the treaty of 1914 further provided a term of four years for the members of the commission and limited the time in which the appointments should be made. Under the treaty now submitted, the term of office of the members of the commission will continue indefinitely, and no limitation is placed on the time within which they may be appointed.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,  
Washington, February 2, 1932.

The President of the United States of America and His Majesty the King of Italy, being desirous of modifying the terms of Article II of the treaty to advance the cause of general peace between the United States of America and Italy, signed on May 5, 1914, with respect to the appointment of and other provisions relating to the members of the International Commission constituted in accordance with the provisions of that Article, have resolved to enter into a treaty for that purpose, and have appointed as their Plenipotentiaries:

The President of the United States of America: Henry L. Stimson, Secretary of State of the United States of America; and

His Majesty the King of Italy: His Excellency Nobile Giacomo de Martino, Knight of Grand Cross, Senator of the Kingdom, Royal Ambassador at Washington;

Who, after having communicated to each other their respective full powers found to be in proper form, have agreed upon the following articles:

#### ARTICLE 1

Article II of the treaty between the High Contracting Parties, signed on May 5, 1914, is hereby abrogated and the following provisions are substituted therefor:

The International Commission shall be composed of five members, as follows:

One member shall be appointed from each country by the Government thereof;

The other three members shall be designated by the two Governments by common agreement. The three members designated by common agreement shall not be nationals of either the United States of America or Italy, or domiciled within the territories of either country, or employed in the service of either Government. The two Governments shall, also, by common agreement, designate one of these three members to be President of the Commission.

At any time when there is no case pending before the Commission, either Government may revoke the appointment of the member who is its own national and may appoint his successor. Either Government may, moreover, at any time when there is no case pending before the Commission, revoke the designation of one or more of the members chosen by the two Governments in common agreement.

Vacancies occurring by revocation or in any other manner shall be filled as soon as possible in the manner of the original appointments. Revocation by either Government of the designation of a member chosen by the two Governments in common agreement shall not become effective except simultaneously with the designation of his successor. The term of office of the members of the Commission shall continue indefinitely.

When the members of the Commission are occupied in the examination of a question they shall receive a compensation which will be mutually agreed upon by the two Governments. Such compensation and also the other expenses of the Commission shall be paid by the two Governments in equal parts.

#### ARTICLE 2

The members of the International Commission at present in office under the provisions of Article II of the treaty of May 5, 1914, are continued in office in accordance with the provisions of the present treaty.

#### ARTICLE 3

The present treaty shall be ratified and the ratifications thereof shall be exchanged at Rome as soon as possible. It shall take effect on the day of the exchange of ratifications and shall remain in force during the term of the treaty concluded between the High Contracting Parties on May 5, 1914.

In faith whereof, the respective Plenipotentiaries have signed this treaty in duplicate, in the English and Italian languages, and have hereunto affixed their seals.

Done at Washington this twenty-third day of September in the year of our Lord one thousand nine hundred and thirty-one.

HENRY L. STIMSON [SEAL]  
G DE MARTINO [SEAL]

Mr. BORAH. Mr. President, it will be recalled that what was known as the Bryan treaties provided for a conciliation



commission composed of five members. Under the old treaty each country named two members of the commission. One of the persons named was to be a national, the other of a neutral country. Those commissioners so named were to name the fifth member, and they constituted a commission of five.

This treaty is a proposal to change the method of naming the commission in this respect. Under the treaty each nation names a commissioner, and he is to be of the nationality of that nation. Then those commissioners agree upon the other three members, making three neutral members agreed upon by the nationals, instead of the old method where four were appointed and they agreed upon one.

There is one other change in the treaty, that it is made permanent; that is, until notice of abrogation is given, whereas under the old treaty it was to terminate of its own force in a fixed number of years.

Those are the sole purposes and effects of the treaty, to change the method of naming the commissioners and extending the life of the treaty.

The treaty was reported to the Senate without amendment, and the resolution of ratification was read, as follows:

*Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive C, Seventy-second Congress, first session, a treaty signed on September 23, 1931, abrogating article 2 of the general peace treaty with Italy, signed May 5, 1914.*

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

#### TREATY RELATING TO MILITARY OBLIGATIONS

The Senate, as in Committee of the Whole, proceeded to consider the treaty (Ex. H, 72d Cong., 1st sess.), a protocol relating to military obligations in certain cases of double nationality which was adopted at The Hague Conference for the Codification of International Law, held in March-April, 1930. Done at The Hague on the 12th day of April, 1930, which was read, as follows:

#### PROTOCOL RELATING TO MILITARY OBLIGATIONS IN CERTAIN CASES OF DOUBLE NATIONALITY

The undersigned plenipotentiaries, on behalf of their respective Governments,

With a view to determining in certain cases the position as regards their military obligations of persons possessing two or more nationalities,

Have agreed as follows:

##### ARTICLE 1

A person possessing two or more nationalities who habitually resides in one of the countries whose nationality he possesses, and who is in fact most closely connected with that country, shall be exempt from all military obligations in the other country or countries.

This exemption may involve the loss of the nationality of the other country or countries.

##### ARTICLE 2

Without prejudice to the provisions of Article 1 of the present Protocol, if a person possesses the nationality of two or more States and, under the law of any one of such States, has the right, on attaining his majority, to renounce or decline the nationality of that State, he shall be exempt from military service in such State during his minority.

##### ARTICLE 3

A person who has lost the nationality of a State under the law of that State and has acquired another nationality, shall be exempt from military obligations in the State of which he has lost the nationality.

##### ARTICLE 4

The High Contracting Parties agree to apply the principles and rules contained in the preceding articles in their relations with each other, as from the date of the entry into force of the present Protocol.

The inclusion of the above-mentioned principles and rules in the said articles shall in no way be deemed to prejudice the question whether they do or do not already form part of international law.

It is understood that, in so far as any point is not covered by any of the provisions of the preceding articles, the existing principles and rules of international law shall remain in force.

##### ARTICLE 5

Nothing in the present Protocol shall effect the provisions of any treaty, convention or agreement in force between any of the High Contracting Parties relating to nationality or matters connected therewith.

##### ARTICLE 6

Any High Contracting Party may, when signing or ratifying the present Protocol or acceding thereto, append an express reservation excluding any one or more of the provisions of Articles 1 to 3 and 7.

The provisions thus excluded cannot be applied against the High Contracting Party who has made the reservation or relied on by that Party against any other High Contracting Party.

##### ARTICLE 7

If there should arise between the High Contracting Parties a dispute of any kind relating to the interpretation or application of the present Protocol and if such dispute cannot be satisfactorily settled by diplomacy, it shall be settled in accordance with any applicable agreements in force between the Parties providing for the settlement of international disputes.

In case there is no such agreement in force between the Parties, the dispute shall be referred to arbitration or judicial settlement, in accordance with the constitutional procedure of each of the Parties to the dispute. In the absence of agreement on the choice of another tribunal, the dispute shall be referred to the Permanent Court of International Justice, if all the Parties to the dispute are Parties to the Protocol of the 16th December, 1920, relating to the Statute of that Court, and if any of the Parties to the dispute is not a Party to the Protocol of the 16th December, 1920, the dispute shall be referred to an arbitral tribunal constituted in accordance with the Hague Convention of the 18th October, 1907, for the Pacific Settlement of International Conflicts.

##### ARTICLE 8

The present Protocol shall remain open until the 31st December, 1930, for signature on behalf of any Member of the League of Nations or of any non-Member State invited to the First Codification Conference or to which the Council of the League of Nations has communicated a copy of the Protocol for this purpose.

##### ARTICLE 9

The present Protocol is subject to ratification. Ratifications shall be deposited with the Secretariat of the League of Nations.

The Secretary-General shall give notice of the deposit of each ratification to the Members of the League of Nations and to the non-Member States mentioned in Article 8, indicating the date of its deposit.

##### ARTICLE 10

As from January 1st, 1931, any Member of the League of Nations and any non-Member State mentioned in Article 8 on whose behalf the Protocol has not been signed before that date may accede thereto.

Accession shall be effected by an instrument deposited with the Secretariat of the League of Nations. The Secretary-General of the League of Nations shall give notice of each accession to the Members of the League of Nations and to the non-Member States mentioned in Article 8, indicating the date of the deposit of the instrument.

##### ARTICLE 11

A procès-verbal shall be drawn up by the Secretary-General of the League of Nations as soon as ratifications or accessions on behalf of ten Members of the League of Nations or non-Member States have been deposited.

A certified copy of this procès-verbal shall be sent by the Secretary-General to each Member of the League of Nations and to each non-Member State mentioned in Article 8.



## ARTICLE 12

The present Protocol shall enter into force on the 90th day after the date of the procès-verbal mentioned in Article 11 as regards all Members of the League of Nations or non-Member States on whose behalf ratifications or accessions have been deposited on the date of the procès-verbal.

As regards any Member of the League or non-Member State on whose behalf a ratification or accession is subsequently deposited, the Protocol shall enter into force on the 90th day after the date of the deposit of a ratification or accession on its behalf.

## ARTICLE 13

As from January 1st, 1936, any Member of the League of Nations or any non-Member State in regard to which the present Protocol is then in force, may address to the Secretary-General of the League of Nations a request for the revision of any or all of the provisions of this Protocol. If such a request, after being communicated to the other members of the League and non-Member States in regard to which the Protocol is then in force, is supported within one year by at least nine of them, the Council of the League of Nations shall decide, after consultation with the Members of the League of Nations and the non-Member States mentioned in Article 8, whether a conference should be specially convoked for that purpose or whether such revision should be considered at the next conference for the codification of international law.

The High Contracting Parties agree, that, if the present Protocol is revised, the new Agreement may provide that upon its entry into force some or all of the provisions of the present Protocol shall be abrogated in respect of all of the Parties to the present Protocol.

## ARTICLE 14

The present Protocol may be denounced.

Denunciation shall be effected by a notification in writing addressed to the Secretary-General of the League of Nations, who shall inform all Members of the League of Nations and the non-Member States mentioned in Article 8.

Each denunciation shall take effect one year after the receipt by the Secretary-General of the notification but only as regards the Member of the League or non-Member State on whose behalf it has been notified.

## ARTICLE 15

1. Any High Contracting Party may, at the time of signature, ratification or accession, declare that, in accepting the present Protocol, he does not assume any obligations in respect of all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate, or in respect of certain parts of the population of the said territories; and the present Protocol shall not apply to any territories or to the parts of their population named in such declaration.

2. Any High Contracting Party may give notice to the Secretary-General of the League of Nations at any time subsequently that he desires that the Protocol shall apply to all or any of his territories or to the parts of their population which have been made the subject of a declaration under the preceding paragraph, and the Protocol shall apply to all the territories or the parts of their population named in such notice six months after its receipt by the Secretary-General of the League of Nations.

3. Any High Contracting Party may, at any time, declare that he desires that the present Protocol shall cease to apply to all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate, or in respect of certain parts of the population of the said territories, and the Protocol shall cease to apply to the territories or to the parts of their population named in such declaration one year after its receipt by the Secretary-General of the League of Nations.

4. Any High Contracting Party may make the reservations provided for in the Article 6 in respect of all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate, or in respect of certain parts of the population of these territories, at the time of signa-

ture, ratification or accession to the Protocol or at the time of making a notification under the second paragraph of this article.

5. The Secretary-General of the League of Nations shall communicate to all the Members of the League of Nations and the non-Member States mentioned in Article 8 all declarations and notices received in virtue of this article.

## ARTICLE 16

The present Protocol shall be registered by the Secretary-General of the League of Nations as soon as it has entered into force.

## ARTICLE 17

The French and English texts of the present Protocol shall both be authoritative.

In faith whereof the Plenipotentiaries have signed the present Protocol.

Done at The Hague on the twelfth day of April, one thousand nine hundred and thirty, in a single copy, which shall be deposited in the archives of the Secretariat of the League of Nations and of which certified true copies shall be transmitted by the Secretary-General to all the Members of the League of Nations and all the non-Member States invited to the First Conference for the Codification of International Law.

Germany

GÖPPERT

HERING

United States of America

HUGH R. WILSON

Austria

LEITMAIER

Belgium

J. DE RUELLE

Subject to accession later for the Colony of the Congo and the mandated territories.

Great Britain and Northern Ireland and all parts of the British Empire which are not separate Members of the League of Nations.

MAURICE GWYER

OSCAR F. DOWSON

Canada

PHILIPPE ROY

Irish Free State

JOHN J. HEARNE

India

In accordance with the provisions of Article 15 of this Protocol I declare that His Britannic Majesty does not assume any obligations in respect of the territories in India of any Prince or Chief under His suzerainty or the population of the said territories.

BASANTA KUMAR MULICK

Chile

MIGUEL CRUCHAGA

ALEJANDRO ALVAREZ

H. MARCHANT

Colombia

A. J. RESTREPO

FRANCISCO JOSÉ URRUTIA

Cuba

Ad referendum.

DIAZ DE VILLAR

CARLOS DE ARMENTEROS

Denmark

F. MARTENSEN-LARSEN

V. LORCK.

Egypt

A. BADAoui

M. SID AHMED

Spain

A. GOICOECHEA

France

PAUL MATTER

A. KAMMERER



Greece

Ad referendum.

N. POLITIS

MEGALOS CALOYANNI

JEAN SPIROPOULOS

Luxemburg

CONRAD STUMPER

Mexico

EDUARDO SUAREZ

The Netherlands

Exclude from acceptance Article 3:

Do not intend to assume any obligation as regards  
Netherlands Indies, Surinam and Curaçao.

V. EYSINGA.

J. KOSTERS.

Peru

M. H. CORNEJO

Portugal

JOSÉ CAEIRO DA MATTA

JOSÉ MARIA VILHENA BARBOSA DE MAGALHAES.

PROF. DOUTOR J. LOBO D'AVILA LIMA

Salvador

J. GUSTAVO GUERRERO

Sweden

Subject to ratification by his Majesty the King of  
Sweden with the approval of the Riksdag.

K. J. WESTMAN.

Uruguay

E. E. BUERO

Certified true copy.

For the Secretary General:

H. McK. Wood,

Acting Legal Adviser of the Secretariat.

Mr. BORAH. Mr. President, this is a treaty designed to do away with the obligations of double nationality in the matter of military service. Perhaps as brief a statement as I could make of the treaty will be found in the statement made by Mr. Flournoy, the legal adviser of the State Department, which I read:

Mr. FLOURNOY. A brief statement of the substance of this treaty is found in the first three articles. Article 1 is the one in which the United States is principally interested, and especially with regard to persons born in the United States of alien parents. Such persons almost invariably possess not only the nationality of the United States acquired through birth in that country, but also a nationality of the country from which their parents come; so that they have double nationality. The object of this article is to enable such persons, when they have maintained a residence in one of the two countries and are principally attached to that country, in that way having practically made an election of the nationality of that country, to visit the other country for pleasure, business, or for any purpose, without being arrested and either compelled to perform military service or, as often happens, being imprisoned for failure to respond to a call for military service while still residing in the United States.

The question was asked him as to why this treaty was necessary. I was not aware, myself, that such practice was being indulged in by nations generally, but Mr. Flournoy advised me that there are a great many instances arising in which a party born in this country of foreign parents, having thereby a double nationality, in all probability, when going back to the country from which his parents came, is often forced into the military service. This treaty is designed to prevent that from being done.

The treaty was reported to the Senate without amendment, and the resolution of ratification was read, as follows:

*Resolved (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of Executive H, Seventy-second Congress, first session, a protocol relating to military obligations in certain cases of double nationality, signed at The Hague April 12, 1930.

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

TREATY RELATING TO TRANSPORTATION OF ALCOHOLIC LIQUORS  
THROUGH CANAL ZONE

The Senate, as in Committee of the Whole, proceeded to consider the treaty (Executive I, 72d Cong., 1st sess.), a con-

vention between the United States of America and the Republic of Panama, signed at Panama on March 14, 1932, which has the purpose of allowing and regulating the transit of alcoholic liquors through the Canal Zone where the exportation of such liquors from the Republic of Panama or the shipment of them between points in Panama is now interfered with by the application of the liquor laws of the United States in the Canal Zone, which was read, as follows:

The President of the United States of America and the President of the Republic of Panama desiring, in accordance with the provisions of Article V of the Convention between the United States of America and the Republic of Panama for the Prevention of Smuggling of Intoxicating Liquors, signed at Washington, June 6, 1924, to modify the said Convention by adding to it an article which shall regulate transit through the territory of the Canal Zone, referred to in Article VI of the Treaty signed at Washington, on November 18, 1903, with respect to the shipment of alcoholic liquors from one point in the Republic of Panama to another point in the Republic of Panama, have decided to conclude a convention for that purpose and have appointed as their plenipotentiaries:

The President of the United States of America, Mr. Roy T. Davis, Envoy Extraordinary and Minister Plenipotentiary of the United States of America to the Republic of Panama; and

The President of the Republic of Panama, His Excellency Enrique Geenzier, Secretary for Foreign Affairs;

Who, having communicated their full powers found in good and due form, have agreed as follows:

## ARTICLE 1

No penalty or forfeiture under the laws of the United States of America shall be applicable or attach to alcoholic liquors or to vehicles or persons by reason of the carriage of such liquors when they are in transit under seal and certificate by Panamanian authority from the terminal ports of the Canal to the cities of Panama or Colon or from the cities of Panama or Colon to the terminal ports of the Canal when said liquors are intended for exportation, or between the cities of Panama or Colon and any other points of the Republic or between any two points of the territory of the Republic when in any of these cases the direct or natural means of communication is through Canal Zone territory and provided that such liquors remain under the said seals and certificates while they are passing through Canal Zone territory.

## ARTICLE 2

Article 1 of the present convention shall be deemed to constitute an integral part of the convention of June 6, 1924, and as such shall be subject to the provisions of that convention regarding modification and termination.

If the substance of Article 1 of the present convention be incorporated in any treaty which may hereafter be concluded between the United States of America and the Republic of Panama, the present convention shall automatically lapse when such treaty shall come into force.

## ARTICLE 3

The present convention shall be ratified by the High Contracting Parties in accordance with the requirements of the constitutions of the United States of America and the Republic of Panama, respectively, and the ratifications shall be exchanged at Panama as soon as possible. The convention shall enter into force on the date of the exchange of ratifications.

In witness whereof, the respective Plenipotentiaries have signed the present Convention in duplicate, in the English and Spanish languages, both of which shall be authentic, and have hereunto affixed their seals.

Done in the City of Panama this fourteenth day of March, in the year of our Lord one thousand nine hundred and thirty two.

[SEAL.]

[SEAL.]

ROY T. DAVIS.

ENRIQUE GEENZIER.



Mr. BORAH. Mr. President, this treaty relates to the transportation of alcoholic liquors across the Panama Canal Zone by citizens of Panama, such liquors being in bond in process of shipment.

At the present time it seems that a great many controversies arise between our country and Panama by reason of the shipment of liquor belonging to citizens of Panama across the Canal Zone. The treaty provides that such shipment may be made, the liquor being in bond, and that is the sole purpose of the treaty.

I will say that had this treaty come to our attention prior to the Chicago convention, I think it would have formed an ideal platform, putting the liquor question in bond over the election.

The treaty was reported to the Senate without amendment, and the resolution of ratification was read, as follows:

*Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive I, Seventy-second Congress, first session, a treaty with Panama regulating the transit of alcoholic liquors through the Canal Zone, signed at Panama, March 14, 1932.*

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

#### NOTIFICATION TO PRESIDENT OF CERTAIN CONFIRMATIONS

Mr. NEELY. Mr. President, on June 15 the Senate confirmed the nomination of Hon. David D. Ashworth to be United States attorney for the southern district of West Virginia and the nomination of Hon. Harry A. Weiss to be United States marshal for the northern district of West Virginia. The President has not been notified of the Senate's action because there have not been two executive sessions, as required by the rules, since the nominations were confirmed. In order to avoid further delay, I ask unanimous consent that the Senate order that the President be promptly notified that the nominations which I have mentioned have been confirmed.

The PRESIDING OFFICER (Mr. HEBERT in the chair). Is there objection?

Mr. McNARY. Mr. President, let me inquire if that situation would be cured by an executive session to-day.

Mr. NEELY. No; it is necessary for the Senate to hold two executive sessions and there has been none since June 15.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. There being no objection, the President will be notified of the confirmation of the nominations referred to.

#### UNITED STATES SHIPPING BOARD—T. V. O'CONNOR

The legislative clerk read the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board.

Mr. McKELLAR. Mr. President, it is always a very unpleasant duty to object to the confirmation of any person whom the President sees fit to appoint, but in this case I think the Senate would be derelict in its duty in confirming a man so utterly unfitted for the performance of the duties of this high office as is Mr. O'Connor. Through a number of years he has appeared before our committee, and I doubt whether we have a more incompetent man performing any duties of like kind in the country.

One of the most flagrant things Mr. O'Connor and his associates on the board have done was the absolute loss of \$22,000,000 through lending a trust fund in the Shipping Board to various shipping companies at a ruinous rate of interest. It is almost impossible to conceive that the president of any board intrusted with an enormous fund to be loaned out to shipping companies for the purpose of building ships would have entered into any such contract, and yet we find that the loss in interest rates alone amounts to at least \$22,000,000. It is not necessary to read all the items, but I want to give some examples.

On July 10, 1931, the Dollar Steamship Line borrowed \$5,287,500 at an interest rate of one-fourth of 1 per cent, and I want to give the excuses Mr. O'Connor offers. He

offered two excuses, and the first one he offered I shall state; but first I want to read a provision found in the Jones-White Act:

All such loans shall bear interest at rates as follows, payable not less frequently than annually: During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum. During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal-savings bond), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

They did not prescribe any rules. It will be seen that an exception is made in reference to postal funds which are borrowed at a rate, I believe, of not exceeding 2 per cent. It is shown in the act itself, as equivocal as it is, as involved as it is, apparently purposely involved, that they did not intend to go below 2 per cent at any rate because they specifically excepted those obligations of the Government. It appears that occasionally the Government has to accept bills at a discount of one-fourth or one-eighth or one-half of 1 per cent, depending on the value of call money at the time.

When the act was passed we were lending money at 4½ per cent, and it is shown by the debates in both the House and the Senate that the purpose of the act was to lend the shipping companies money at about the same rate of interest, probably one-eighth of 1 per cent more than the rate of interest at which the Government got the money.

The purpose of it was to make it about 3½ per cent, that being the amount the Government got, and that was the argument in both the Senate and the House at the time. Yet the chairman of the Shipping Board got certificates from the Secretary of the Treasury with these remarkable figures, one-fourth of 1 per cent; the next contract, with the Export Steamship Corporation, in 1931, at three-eighths of 1 per cent; the Oceanic Steamship Corporation, \$5,850,000, at three-eighths of 1 per cent.

Mr. HOWELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. HOWELL. I would ask the able Senator for what period of time these loans were made.

Mr. McKELLAR. They were made for 20 years, and the difference between these rates on these several loans which I have enumerated on page 11715 of the RECORD of May 27, and what we should have received, amount to the enormous sum, in those 20 years, of \$22,000,000. We are losing over a million dollars each year.

A man who is so incompetent as that should not be the chairman of the Shipping Board. By the way, I digress here long enough to give the first excuse Mr. O'Connor made for those remarkable rates. I happened to be examining him at the time, and he said, referring to me, "Senator, you caused all that." I said, "I caused all that?" He said, "Yes; you objected to an amendment to a bill which the board presented to the Congress to change that rate of interest."

Fortunately, the RECORD was just the other way. Fortunately, as the CONGRESSIONAL RECORD proved, the Shipping Board offered a bill over in the House and it passed the House without a word as to the change of rate, and when it got over to the Senate and before the Committee on Commerce my distinguished friend, the junior Senator from Michigan [Mr. VANDENBERG], learned in some way of these indefensible rates and offered an amendment in the Senate to correct it by charging 3½ per cent, as it was his duty to do. The Shipping Board and Mr. O'Connor had nothing to do with it, but it was done in the Senate, after the bill had been passed in the House without the provision by the Senator from Michigan, who is present here this afternoon and will verify what I am now saying. That was Mr. O'Connor's first excuse.



Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. The Senator's chronology is entirely correct. I think perhaps it should be said that after I had brought this matter to the attention of the Shipping Board, thereupon the Shipping Board very readily expressed its willingness to have the situation corrected, which, in my judgment, the Shipping Board should have brought to the attention of the Congress, instead of Congress having to bring it to the attention of the Shipping Board.

Mr. McKELLAR. Of course, and I thank my friend for having called attention to it.

Mr. WHITE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I yield.

Mr. WHITE. Is it not proper also to state in this connection that the first certificate which came to the Shipping Board, fixing a rate of interest less than 3 per cent, came on March 31, 1930, and that this legislation was reported to the Senate within a very few days thereafter with the approval of the Shipping Board?

Mr. McKELLAR. Oh, no; the Senator is mistaken about that. It first came in the form of an amendment offered by the Senator from Michigan [Mr. VANDENBERG], as I recall, about June 2. When confronted with those facts, the same chairman of the board said, "Well, you would not let our bill go through." It seems he had some other bill in which he was interested. I had introduced an amendment to which he was very much opposed, and he met me in the hall and wanted to talk about it, but I turned away from him and told him I did not engage in trading and trafficking in legislation. That was the most he said, and yet he said that these losses were experienced because of the delay between June 2, when the Senator from Michigan caught this monstrosity, and the following January when the rate was changed.

As a matter of fact, there were but two loans made between June and the following January, when the interest rates were changed, and those were made at 3 per cent, notwithstanding what Mr. O'Connor had said that the law obligated them to accept these ridiculous rates of interest. When asked why they accepted the particular rates of interest, he could not explain. He was asked, "You did not have to loan the money?" He said, "No." "Why did you lend the money on that day when you felt you had to follow this remarkable statute?" He said, "Well, we just did." They could have fixed any day when it went into effect, but instead of that they just fixed the day when the smallest rate of interest went into effect.

I asked this question in the course of the investigation: "Mr. O'Connor, how does it happen you loaned to some at one rate and to some at another rate?" I asked one other witness, "How did it happen you did not get the lower rate?" I found one was paying an interest rate of 1½ per cent, when favored corporations, like the Export Corporation, was getting it at one-fourth and three-eighths of 1 per cent. He said, "We were there trying to get it at the lower rate, but they did not lend it to us at that rate. We had to pay 1½ per cent." He felt greatly wronged because they were charging him 1½ per cent when they were lending to favored corporations at lower rates, and the Export Corporation seems to have been one of the favored, because they got the very lowest rate of interest.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. I want to be sure of the situation as I recall it. I completely agree with the Senator's reminiscence that the interest arrangement was an utter outrage on the Treasury of the United States and was indefensible in any way, shape, or manner. So far as the Shipping Board was concerned, technically it was bound by the terms of the

law to make all loans on the basis of the certificate furnished by the Treasury Department.

If this section of the law was as outrageous as the Senator and I both agree that it was, though it has since been corrected as the Senator has indicated, I think the primary responsibility was on the Treasury of the United States, even before it was upon the Shipping Board, to have checked against any such back door to the Treasury, and that primary responsibility rests upon the Treasury for neglecting to have notified Congress that the change should have been made, and that technically and constructively the Shipping Board was bound to make the loans on the basis of the Treasury certificates.

Mr. McKELLAR. I agree with the Senator that the Treasury Department was derelict in its duty. The first obligation was upon the head of the Shipping Board. He was the man primarily intrusted with this trust fund. He above all others was responsible for this ridiculously low rate of interest and this enormous loss of \$22,000,000 to the American taxpayers in the loans that were made.

Mr. HOWELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. HOWELL. I would like to ask the able Senator if the Shipping Board could have been compelled to make the loans?

Mr. McKELLAR. Oh, no; there was nothing in the world to compel them to do so.

Mr. HOWELL. It was in their discretion?

Mr. McKELLAR. Oh, yes; it was a matter in their discretion. They did not have to make the loan at all. They could have made it any day they pleased. They could have selected the day. If they wanted, in the interest of the Government, to have the loan made at 3½ or 3¼ or 3 per cent under the Jones-White Act, that was reasonable enough. Everybody else was paying the same. They could have arranged when the interest rate went into effect and thus protected the Government in the matter. If Mr. O'Connor had been a faithful chairman of the board looking after the interests of the Government, he would have refused to make any loan except upon a reasonable rate of interest, as he had the right to do.

Mr. WHITE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I yield.

Mr. WHITE. I have no purpose and no desire to defend the rate of interest in some of these loans, but I do think it is fair to all concerned that the responsibility for them should be rightly placed. In my opinion the responsibility rests upon the Congress of the United States for the legislation. We wrote into that law the rule which should determine the rate of interest. Now, as a matter of fact, the first certificate from the Treasury Department to the Shipping Board calling for a rate of interest less than 3 per cent came on the 31st day of March, 1930. Within three weeks, certainly within less than a month thereafter, legislation was reported to this body changing that mandatory provision of law with respect to the rate of interest, fixing a minimum rate of interest at 3½ per cent, and that legislation rested in this Chamber for more than 10 months without enactment. If the responsibility is on anyone it is on the Congress of the United States and not upon the administrative officer.

Mr. McKELLAR. Oh, Mr. President, I have just stated to the Senate that there were but two loans made while the legislation was pending and neither one was made according to this act. If the position of the Senator from Maine is correct, then Mr. O'Connor violated the very law to which the Senator refers, because while that law was in force and while the other proposal was before the Congress for a greater rate of interest, Mr. O'Connor and his board let but two contracts and they charged 3 per cent without regard to their opinion about the law. So it makes no difference



which horn of the dilemma Mr. O'Connor takes, if he is trying to hide behind this makeshift of an interest rate, he violated it because he made two loans at 3 per cent while that was going on.

When Mr. O'Connor found that none of those excuses could be availed of he offered another one. What was that one? It was that they had gotten an informal opinion from the Attorney General of the United States that the first law, this equivocal provision about interest, required him to accept the certificate of the Treasury Department and he could not get around it. Mr. President, I have that provision here. I do not know whether the Attorney General ever rendered that opinion or not. A paper purporting to be an opinion to somebody else, an informal opinion as it was called, not signed by anyone, was indeed brought forth.

But the board never followed that opinion, never paid any attention to that opinion, and under that opinion, even if they had followed it, they would not have agreed to any of these rates of interest because that opinion specifically states they did not have to do it, that they need not make the loans at all if they wanted to refuse to do so, that they could reject the loans as they pleased, and it was not necessary for them to make them. Instead of it being a defense, that opinion is an absolute conviction of those people for permitting this rate of interest. I asked this question:

The amount of the loan to the Dollar Line was \$5,280,500 and the rate of interest was one-fourth of 1 per cent. How did that happen?

Mr. O'Connor replied:

It happened as a result of a decision passed by the Attorney General and by a certificate from the Treasury Department that that was the rate of interest that day, and we had to lend the money out at that rate.

I digress long enough to say that while the bill was pending here they disregarded it entirely. Mr. O'Connor disregarded it and let the money out at 3 per cent; he made a contract with them at 3 per cent. He had a right to make the contract at any other time he pleased. He had the right to fix the rate of interest before he ever entered into any kind of a contract.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. Certainly.

Mr. VANDENBERG. I know the Senator wants to be entirely fair about it and our views are not very far apart. I have not examined my files, but my recollection is that I had one or two letters from the Shipping Board—I do not remember whether from Mr. O'Connor personally—during the pendency of my measure, urging that it be pressed because of the fact that certain loans were pending. I think that should be stated for the RECORD.

Mr. McKELLAR. I think that is true. I think after the board found that these remarkable rates of interest were known and were public property they undertook to hedge by asking for a so-called change in the law.

Let us go back now to the Attorney General's opinion. I said, "The Shipping Board was not compelled to loan money to any company." Mr. O'Connor assented that that was so. The responsibility of the Shipping Board for this interest rate is sufficiently shown in the comments at the end of a statement in the CONGRESSIONAL RECORD of May 27, 1932, at page 11372. The RECORD gives the whole matter, and shows that this man, who permitted this state of affairs, this raid upon the Treasury without authority of law, should not be confirmed.

The total amount of loans, made at interest rates ranging from one-fourth of 1 per cent to 3¾ per cent, exceed \$111,250,000.

Think of it—at rates of interest of one-fourth per cent, three-eighths per cent, one-half per cent, three-quarters per cent, five-eighths per cent, and 1 per cent we were lending money to shipping companies, and the Shipping Board was accepting these low rates of interest!

By the way, Mr. President, it is in accordance with the request of the Shipping Board, I understand, that a bill is

now pending in the House of Representatives to declare a moratorium on these infinitesimal rates of interest, so that the shipping companies will not have to pay any interest for some time. I understand further—I do not know whether it is true—that the Shipping Board is seriously considering the question whether or not they themselves have not the right to extend such a moratorium. Yet we are asked to confirm the nomination of the man who was more responsible for it than anybody else, because he is the chairman of the Shipping Board.

Now let us see what the loss has been. The loss to the United States on interest account alone, for these loans, first, when compared with the 3½ per cent rate, prescribed as a minimum, will be over \$18,000,000. In the next place, when compared with the amount the Government paid for the money—and the Government borrowed the money to lend to them—the loss will exceed \$22,000,000. The interest rates on the loans were ¼ per cent, ⅜ per cent, ½ per cent, ⅞ per cent, 1 per cent, 1¼ per cent, 1½ per cent, 1⅞ per cent, and so forth. The record reveals the fact that the public officials concerned recognized that Congress never intended to allow the payment of such low rates, and that if these rates are legal the United States is the victim of complex language and highly technical rules controlling its application.

Again, as to the basis of such rates, it is claimed that the use of such low rates was due solely to the language of the law which I have quoted [reading]:

During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield \* \* \* of any Government obligation \* \* \* outstanding at the time the loan is made by the board.

Let me now refer to departures from this test. Notwithstanding the explanation thus given, there appear in the list above, the following variations in the tests or rules applied: (a) Some loans, though made subsequent to the 1923 act entirely ignored this language of the law, and by its voluntary act expressly agreed on and fixed the rate of interest in the loan agreement, without certification of interest rate from the Secretary of the Treasury, and without respect to any test or "yield" (on whatever basis interpreted) prescribed in the law. At least as to five of the contracts there was a disregard of the statutory rate of interest.

Not only was the interest test prescribed in the law thus entirely ignored but the rate of interest thus voluntarily fixed by the board (not by accident or by oversight, but by formal resolution dealing specifically with the interest rate) was so low as the abnormal rate of one-half of 1 per cent per annum—and that for a period of 20 years! The average rate on the public debts of the United States is nearly eight times that rate.

Here was an official in charge of a sacred trust fund for building up the merchant marine of the United States lending the Government money at what? At one-eighth of the rate of interest that the Government had to pay for that money when it borrowed it, and it had to borrow it, and yet the Senate of the United States, the constitutional body that has to give its sanction to any appointment of this kind, is called upon to confirm the appointment of an official who participated in such transactions.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. My recollection is that some one member of the board at the time of my original disclosure was particularly and personally charged with the responsibility for the loan section of the board. Does the Senator have any information as to what commissioner that was? I am very sure it was not Mr. O'Connor.

Mr. McKELLAR. I do not know, but Mr. O'Connor was chairman of the board; and, of course, it was all done with his knowledge, approval, and consent; and, as shown by testimony before the Committee on Appropriations, he took the responsibility; he was familiar with every detail; he made excuses in every way; he did not say that there was



any other member concerned about it, except as the board in general was concerned.

I wish to say that I think that not only should the Senate not confirm Mr. O'Connor but it ought not to confirm any member of the board who was responsible for this loss to the Government. In my judgment, they were unfaithful trustees.

Mr. VANDENBERG. Mr. President, I will say to the Senator, and then I will not interrupt him again—

Mr. McKELLAR. I am delighted to have the Senator interrupt me whenever he wishes.

Mr. VANDENBERG. That while I might not be impressed by his challenge of the administration of the law prior to its change by Congress, I am wondering whether or not the Government would not still be loaning money to shipping companies for almost nothing if I had not happened to stumble upon the circumstance or if some other Member of Congress had not happened to have stumbled upon it.

Mr. McKELLAR. I am just as certain as that I am standing here talking this afternoon that the Shipping Board, under the leadership of Mr. O'Connor, would be lending to the shipping companies of the country money at this ridiculous rate of interest right now if the Senator from Michigan [Mr. VANDENBERG] had not in some way—I do not know how, and I do not think he has explained how—as a member of the committee discovered the fact that these ridiculously low rates of interest were being charged and brought it to the attention of the country through his amendment. I know that the money would be loaned to-day just as it was then, and instead of \$22,000,000 by this time we would probably have lost \$100,000,000. Of course \$100,000,000 does not mean much; our Budget has just been balanced; we know that putting a billion dollars' additional taxes on the American people does not mean very much, but just listen to how much it means to a shipping company such as one to which I have referred that is drawing a subsidy from the Government, a two-way subsidy, one involving money from this fund and another in the way of a mail subsidy.

The vice president of that company testified before our committee that the company was worth from \$200,000,000 to \$250,000,000; that it did not owe any bonded indebtedness; that it was paying dividends; that it was making money; that it was going on as usual; that it was discounting its bills; and yet the Government was lending it money at a fractional per cent interest, and in addition giving it over \$1,200,000 as a bounty or subsidy, and, incidentally, that particular company flies more foreign flags than it flies American flags. That is what we are doing.

#### TAX ON GASOLINE AND LUBRICATING OIL

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. SMOOT. From the Committee on Finance I report House Joint Resolution 435, to amend the revenue act of 1932, and ask unanimous consent for its present consideration.

Mr. McKELLAR. I will ask the Senator if it will take any time?

Mr. COPELAND. Mr. President, I wish the Senator would not ask that the joint resolution be considered at this time.

Mr. SMOOT. I will say that if it is not passed to-day and made a law, then for every day thereafter there will be a loss on the tax imposed on gasoline under the recently passed tax law.

Mr. COPELAND. The Finance Committee is going to meet at 9 o'clock, as I understand, on Monday morning. I have had, and I think other Senators have had, protests from small dealers, and I think that before this matter is finally concluded by the Senate the Finance Committee should take into consideration the protests which have been entered against it.

Mr. SMOOT. I want to say that the condition in regard to gasoline and lubricating oil is exactly the same as the condition concerning rubber tires and tubes, and the Gov-

ernment will get no tax revenue for some time unless the change is made as provided in the joint resolution. We want to make the tax payable by those who hold the gasoline, and they are the ones who ought to pay it. If the Senator desires to object, of course, that is all right; I am perfectly willing that he should do so.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Oklahoma?

Mr. McKELLAR. I yield.

Mr. GORE. I will say to the Senator from New York that I understand the joint resolution exempts the small dealers.

Mr. SMOOT. It does.

Mr. GORE. Dealers having less than 25,000 gallons of gasoline are exempt.

Mr. SMOOT. It exempts every dealer having less than 25,000 gallons of gasoline and less than 1,000 gallons of lubricating oil. It protects every little dealer.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. One at a time. The Senator from Tennessee has the floor.

Mr. McKELLAR. I yielded to the Senator from Utah. I am perfectly willing to wait; I am a little tired now.

Mr. SMOOT. Mr. President, I have asked unanimous consent for the present consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection?

Mr. WHEELER. Mr. President, I have not been able to find out what the proposition is. I can not tell whether or not I will object until I hear the measure read.

Mr. SMOOT. It involves exactly the same proposition as was before us in relation to rubber tires and tubes. In this case the tax will not apply to any holder who has less than 25,000 gallons of gasoline; but wherever it has been purchased or transferred by the big companies—and they transfer it by the millions of gallons—and is held by them, the tax will be applicable to them. Under the tax bill as it passed, there would be no tax paid at all.

Mr. COPELAND. Mr. President, I know nothing about it whatever, and I do not care anything about it; but when I receive telegrams from my State such as the brief one which I shall read, I feel that the matter deserves our attention. Here is a telegram dated to-day:

NEW YORK, N. Y., June 17, 1932.

HON. ROYAL S. COPELAND,

Senator from New York, Senate Office Building:

This company is a New York corporation engaged in distributing gasoline from its terminal in Green Island, N. Y. It is not a producer or importer of gasoline under section 617 of the new tax law, but would be affected by proposed amendment taxing persons storing more than 25,000 gallons. This amendment is discriminatory in favor of the large oil companies for this reason. Large producing companies can always pass tax on to purchasers, whereas small independent companies who purchase cargoes in June, 1933, for distribution will pay tax to producers in that month and will be unable to collect the same from their customers in July, 1933. Proposed amendment thus results in equality and greatly favors large major oil companies. As New York citizens and taxpayers, we request you to oppose this amendment in the Senate. Its result is to burden the small independent distributors with 13 months of this taxation against the 12 months' duration intended by Congress and still operative in the case of the major companies who are producers as well as distributors.

HARTOL TERMINAL CORPORATION.

Mr. President, I have no disposition to delay this matter beyond the meeting of the Finance Committee on Monday. If at that time it is found that these small producers are taken care of, I have not a word to say; but for the present, Mr. President, I object.

Mr. SMOOT. Mr. President, I ask leave to withdraw the report, so that the joint resolution may go back to the Finance Committee.

Mr. McKELLAR. If it is going to take any more time, I will not yield any further.

Mr. McNARY. Mr. President, a parliamentary inquiry: Was objection made to the request of the Senator from Utah?

Mr. COPELAND. Yes; I made an objection.

The PRESIDING OFFICER. The Chair understood the Senator from New York to object to the request.



## UNITED STATES SHIPPING BOARD—T. V. O'CONNOR

The Senate, in executive session, resumed the consideration of the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board for a term of six years from June 9, 1932.

Mr. McKELLAR. Mr. President, to show how Mr. O'Connor and his board acted in reference to these contracts that were made, it is found that in some of the contracts that I have already enumerated the rate was determined by the coupon interest rate of the security, used as a test; that is, the rate of interest the obligation yielded on the basis of its initial sale by the United States, when issued; in other words, the rate paid by the Government. On the other hand, the board sometimes applied a rate, as in items 1, 2, 3, 4, 10, 12, 13, 18, and others, which rate was determined by the market price of the obligation used as a test, as of the day the loan was made, and as revealed in transactions between third persons, hence having no bearing whatever in determining or revealing the interest cost of that obligation to the United States.

In item 1, for instance, the "obligation" bore on its face and (as it was issued at par) actually cost the United States an interest rate of  $3\frac{1}{2}$  per cent, and yet it was certified in support of an interest rate of one-fourth of 1 per cent—at a time when the public debt of the United States was costing the Government nearly sixteen times that rate.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I do.

Mr. VANDENBERG. Would not that be a challenge to the Treasury, which issued the certificate, rather than to the board, which paid the money?

Mr. McKELLAR. Yes; but my heavens! The board, as trustee, had this \$175,000,000, or \$325,000,000 I believe it is now, in its hands. When an interest rate like that was certified to it, where was the counsel of the Shipping Board, the man that the American Government is paying \$18,000 a year to pass upon these questions? It was the duty of the Shipping Board to present such a matter to its counsel; and, if it had done it, and if the counsel was worth one-third—nay, if he was worth one-sixth—of what we were paying him at the time, he would have advised the chairman of the Shipping Board against any such rate of interest. In other words, we were lending this money out at one-sixteenth of the rate of interest the Government was paying, in some instances!

Although the law used complex terms in prescribing an interest test, it made possible an application of the rule of reason by also providing, immediately following the complex language—section 301 (d):

The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

Thus supplementing the control resulting from the fact that the grant of any loan was wholly discretionary. The board, however, did not exact any rule covering the point. It did not have to make any rule. It did not have to lend a dollar of this money unless the borrower complied with its terms.

Now, as to the recommendation of the Secretary of the Treasury; and I call the attention of the Senator from Michigan to this: The Secretary, believing that the rates certified were not in accord with the intent and policy of Congress, suggested that the board arrange the loans on the basis of a contract interest rate and thus obtain a reasonable and a substantially uniform rate of interest.

Mr. VANDENBERG. What was the date of this particular transaction?

Mr. McKELLAR. This was early, when the Shipping Board first made the application for a certificate. The Treasury Department—and, as I remember the testimony, Mr. Mellon—said that it was virtually inconceivable that this money should be lent on any such rate of interest as that. He certified the lowest rate of interest, but he did not pass upon whether it was proper to lend the money at

that rate, except to say to the Shipping Board that it ought to be changed. That was in the early stages of the matter; and yet they introduced the bill in the House without saying a word about it; and if it had not been for the unusual and splendid services of the Senator from Michigan [Mr. VANDENBERG], it would not have been caught up with to this date.

Mr. VANDENBERG. That is what I was getting at. This was before I submitted my proposal?

Mr. McKELLAR. That was before the Senator's proposal.

The board explains its abandonment of this suggestion by a legal opinion from the Attorney General, which on its face expressly mentions it is "informal." Assuming it had been a formal opinion, intended as a basis of final action—

Mr. DAVIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Pennsylvania?

Mr. McKELLAR. I do.

Mr. DAVIS. I notice in the hearings before the Subcommittee on Appropriations of the United States Senate, on April 15, page 784, that the chairman of the United States Shipping Board sent to the Attorney General Senator VANDENBERG's letter; and then further, on page 787, on July 7, in response to a request of Secretary Mellon, Chairman O'Connor went to Secretary Mellon's office, and there they discussed the matter; and in that particular communication from the chairman to Commissioner Cone he said that the Secretary of the Treasury was very friendly to the increase in rates; and all through this hearing I find that Mr. O'Connor himself was anxious to increase the rate of interest.

Mr. McKELLAR. Oh, no, Mr. President!

Mr. DAVIS. I do not think we should place all of that responsibility upon Mr. O'Connor, because it will be noticed at the bottom of page 787 that Mr. O'Connor said, in answer to a question of the Senator from Utah [Mr. SMOOT]:

This letter is addressed to the committee on construction loans, Commissioners Cone, Plummer, and Benton.

Those three commissioners were the committee on construction loans, and I hardly think it is fair that we should charge it all up to Mr. O'Connor.

Mr. McKELLAR. Well, if just one-third of it was charged to Mr. O'Connor—and, of course, he is chargeable with one-third—it would be ample to prevent his confirmation in this body, if we protect the interests of the Government.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Montana?

Mr. McKELLAR. Yes; I yield.

Mr. WHEELER. I have not got this quite clear in my mind. At what rate of interest did they loan money to the shipping companies?

Mr. McKELLAR. I will give that to the Senator again in just a moment. I do not think I went into the matter as thoroughly as I should. I will give it to the Senator.

There were a great number of these loans. Remember, there was \$112,000,000 lent out. Of course, \$112,000,000 is just a little money for the United States Government, notwithstanding the fact that we have not any in the Treasury, and notwithstanding the fact that we are three billions behind for this year alone. One hundred and twelve million dollars is not much, but that is what Mr. O'Connor paid out to the shipping companies at these rates of interest:

Dollar Steamship Line, \$5,287,500 at one-quarter of 1 per cent. That line does not need any such largess as that. It does not need any such subsidy as that, and yet that is what was done.

The Export Steamship Corporation—Mr. George Herberman—\$1,705,000 at three-eighths of 1 per cent.

The Oceanic Steamship Corporation, \$5,850,000 at three-eighths of 1 per cent.

The Export Steamship Corporation—Mr. Herberman's company, again—\$1,725,000. Why, he had to pay one-half of 1 per cent interest this time. If any Member of this body wanted to borrow money, he could not borrow it for less than 6 per cent, probably; but Mr. O'Connor, having un-



limited funds of the American Government, acting as trustee, lent out this money to Mr. Herberman, of the Export Steamship Corporation, at one-half of 1 per cent for 20 years, if you please—20 years.

Mr. WHEELER. Mr. President, the reason why I asked the Senator to repeat that was because of the fact that I thought he must be in error. I could not conceive that that was true.

Mr. McKELLAR. It is inconceivable, as the Secretary of the Treasury said; and I am going to read his statement in just a minute. The Senator from Pennsylvania called my attention to it, and I want to read it; but I want to get before the Senate these rates of interest and the great amount of these loans, and I am glad the Senator asked me that question.

I will read just a little further:

United States Lines, \$7,875,000 at one-half of 1 per cent.

Again, United States Lines, \$7,875,000 at one-half of 1 per cent.

Motor Tankship Corporation—that was not such a big corporation; it did not have so much influence—and this board actually charged it the enormous rate of seven-eighths of 1 per cent interest.

The Dollar Steamship Lines: Something must have happened to old man Dollar. He got the first \$5,287,500 at one-quarter of 1 per cent; but a little later, on October 1, 1931, he got another \$5,287,500, and had to pay the enormous rate of 1 per cent for 20 years.

The next one is a loan to the Export Steamship Corporation, Mr. Herberman, of \$1,725,000 at 1¼ per cent.

New York & Puerto Rico Steamship Co., \$1,896,000 at 1¼ per cent.

Export Steamship Corporation, \$1,725,000 at 1½ per cent.

Motor Tankship Corporation, \$1,260,900 at 1⅞ per cent.

Oceanic Steamship Co., \$5,850,000 at 2 per cent. I think it was the Oceanic Steamship Co.'s vice president that I asked a question about this interest rate. When I found that he had to pay the enormous sum of 2 per cent interest on the money that he borrowed for 20 years I asked him where he was when the one-quarter of 1 per cent money was going around. He said he was standing in the door, but he could not get any of it; that he had to pay 2 per cent for his.

Now I come to the Tidewater Co. The Tidewater Associated Transportation Co. borrowed \$1,301,000 at 2⅜ per cent.

The Motor Tankship Corporation, \$1,260,900 at 2⅜ per cent.

The Atlantic, Gulf & West Indies Lines, \$3,262,500 at 2⅜ per cent.

The Bulk Transportation Co., \$396,750 at 2⅜ per cent.

The Dollar Lines got a batch of only \$225,000 at 2⅜ per cent, and they were actually compelled to pay it back in 15 years.

Mr. WHEELER. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. I yield to the Senator.

Mr. WHEELER. Will the Senator tell me what provision there is in the law, if any, that permits the Shipping Board to do that?

Mr. McKELLAR. The Senator may not have been in the Chamber when I referred to the fact that the law provided that they should lend this money, up to the time of the passage of the Jones-White Act, which was May 22, 1928, at 4½ per cent. Heaven knows that was cheap enough. That was cheaper than anybody else was borrowing money for, except the Government, and the Government had to pay an average of a little less than 3½ per cent, about 3.39 per cent.

A bill was introduced, and it was said that the Government ought to favor these companies, that they were charging them too much, that we ought to let them have the money at the same rate the Government paid for it, so this remarkable interest provision was inserted in the Jones-White Act. I want to say that it is the most remarkable provision of law I ever saw on the statute books in my 21

years of experience. I will not characterize it; I will just read it, and let other Senators characterize it. I am just going to read the act, but it is like some other instruments I have seen, it would take a Philadelphia lawyer to construe it after I read it. But let every Senator pass on it as he will. Listen to it.

All such loans—

Mind you, the purpose was to bring it down to within one-eighth of a per cent of what the Government paid for money generally. It was argued on the floor of the House and it was argued on the floor of the Senate that it would mean a reduction of about 1 per cent, that it would bring the interest rate that these companies paid down to about 3½ per cent, and this is the way they propose to do it. Instead of saying that the rate of interest should be 3½ per cent, instead of finding out what the average rate of interest was, and applying that rate, they applied it in this way:

All such loans shall bear interest at rates as follows, payable not less frequently than annually: During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum.

If a company was engaged in doing American business, the interest was 5¼ per cent, but if it was engaged in doing foreign business, this is the provision:

During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal bonds)—

Everybody knows that postal bonds bear a 2 per cent rate, or about that. So it was shown that it should not be less than that, by the use of the words "postal bonds." I read further—

and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

That is a very involved statement.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. WHITE. The Senator spoke of this as being the most extraordinary piece of legislation he had ever seen. I can not help calling his attention to the fact that practically a year after this was written into the law the Senator voted for identically the same provision in the cooperative marketing act, by which the rates to be paid by farm cooperatives was fixed.

Mr. McKELLAR. That may be true. The farm marketing act was copied from this, I have no doubt, but that provision was never called specifically to my attention. I have no defense on that ground, for a man ought to know what is in a bill when he votes for it; but it was there, and when I voted for it I made a mistake about it. The farmers never got money at that rate. I think there were 11 insolvent cooperative associations in the country dealing in cotton, and they may have gotten it. They have been engaged in gambling on the cotton market in New York and in other places, spending the Government's money in the same way that the Shipping Board has been spending the Government's money, possibly in a little different way but almost as indefensible. It may have been that those associations got money at that rate, but no farmer in this land had the advantage of any such rate of interest. There was no farmer in this land who did not have to pay all the way from five to sixteen and perhaps eighteen times as much for any money he got. The associations, the favored associations, which the Government had set up to take over the cotton business—and I am speaking of cotton associations and cooperative cotton associations—may have gotten it, favored by the Government, just as these shipping companies were favored by the Government. They may have gotten it, but not a farmer in the United States ever got such a rate.

If what I have to say about it should ever be read by any farmer who ever got any such rate, I hope he will write



Members of the Senate and tell them; but I know that no farmer ever got such a rate as this.

Mr. BLAINE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. BLAINE. As I recall, when the marketing act was before the Senate it was I who offered the provision relating to the interest rate—

Mr. McKELLAR. I did not know that. I thank the Senator for calling my attention to it.

Mr. BLAINE. To make it correspond to the rate of interest charged under the jurisdiction of the Shipping Board. But after that provision had been written into the law, then they rigged up a situation by which they deprived the cooperatives of money at that low rate of interest.

Mr. McKELLAR. I understand some cooperative did get money at a small rate of interest. I imagine they were like the shipping companies favored by the Shipping Board. Some of them were favored, and some of them had an entrée into the administration of the Farm Board, and may have gotten money at the low price, but no man who toils with his hands and makes his living by the sweat of his brow, no farmer, ever got any such rate of interest from the cooperatives who loaned money to him.

Mr. BLAINE. The Senator is correct in that, and, moreover, the money was not loaned to the cooperatives at the rate of interest to which they were entitled.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. In just a moment. Will the Senator from Wisconsin explain what rate of interest the cooperatives paid?

Mr. BLAINE. The cooperatives were charged a rate of interest according to the rules of the Stabilization Corporation, or some other organization that was set up and loaned the money to the cooperatives.

Mr. McKELLAR. Does the Senator recall what the rate of interest was? I had not investigated that feature of it. Does the Senator recall what the cooperatives paid?

Mr. BLAINE. They paid a very high rate of interest, with a very few exceptions, but I do not recall any cooperative that received rates of interest as low as those offered by the Shipping Board.

Mr. WHITE. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. WHITE. As a matter of fact, under the operation of the farm marketing act, out of the revolving fund set up, there has been loaned to these cooperatives, roughly, \$928,000,000, and the average rate of interest on those loans is 1.7 per cent, and the interest rate on some of the loans has been as low as one-eighth of 1 per cent. That is the fact about that.

Mr. McKELLAR. Mr. President, if that is the fact about it, the cooperative associations, these 11 insolvent cooperative associations to which the Government loaned that enormous sum, have treated the farmers more outrageously than ever I thought they had done. That is the only way to describe it, because they have loaned money to the farmers at 5½ and 6 per cent, and sometimes even at higher rates than that, I am informed.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. WHEELER. I would like to ask the Senator from Maine if he places the construction upon this act to the effect that it permits the loaning of money to these shipping companies at one-eighth of 1 per cent?

Mr. WHITE. I thought I might say something about this, and I do not like to interrupt the Senator from Tennessee—

Mr. McKELLAR. I will ask the Senator not to make a speech, but I would be very glad to have him answer the question.

Mr. WHITE. I am bound, in truthfulness, to say that this provision of law has worked out differently from what I ever anticipated it would work out, but I do not hold responsible for these low rates of interest the administrative of-

ficers. I think the responsibility rests upon the Congress, for we wrote into the statute, not the rate of interest but the arbitrary rule by which the rate of interest should be determined. The rate of interest was different from what any of us anticipated, but I do not think that invalidates the law. It may impeach our judgment as legislators.

Mr. WHEELER rose.

Mr. McKELLAR. Mr. President, before I yield to the Senator from Montana, I want to say that the first answer to what the Senator from Maine has said is that the Congress is not responsible for it because it did not know anything about it; and the chances are a hundred to one that they never would have known anything about it if it had not been for the astuteness and the devotion to public duty of the distinguished junior Senator from Michigan [Mr. VANDENBERG], who caught up with it. It was never stated by the board to any Member of Congress until a Member of Congress happened to find it out; and then it was admitted that the rates of interest were indefensible, and excuses were being sought in every way.

The other answer to it was that the board did not carry out the law. They loaned to some companies at a quarter of a per cent, and three-eighths of a per cent, and half of a per cent; and they loaned to other companies during the same period, and especially between June, 1930, and January, 1931, they made loans, where the rate was fixed by contract, and they could have fixed the rate of every one of the loans by contract at 3 per cent because they had a right under the law to do so.

I now yield to the Senator from Montana.

Mr. WHEELER. I am not quite clear in my own mind—and perhaps it is my own fault—as to how, even under the statement of the Senator from Maine, the board could lend money at one-eighth or one-quarter of a per cent.

Mr. McKELLAR. One-quarter of a per cent was the lowest.

Mr. WHEELER. I am not clear as to how they could arrive, even under the law and under the Senator's statement, at the figure of a quarter of a per cent.

Mr. McKELLAR. I will tell the Senator how it was. Wealthy men in various parts of the country having money that they did not want to lend out to private parties, especially in these troublous times, would lend it to the Government at a quarter of a per cent, or three-eighths of a per cent, and the Government issued bills for it. It was not an interest rate; it was a discount rate. The Government just accepted the money and paid this nominal rate of interest while it used the money. Wealthy men, wealthy institutions, who did not want to put their money even in bonds, and did not want to put it out in business, and did not want to put it out for any industrial purpose, or any other purpose, believing the Government to be the safest depository, would lend the money to the Government on the Government's bills at a discount of a quarter of a per cent, and that subterfuge was used by the chairman of the Shipping Board and his associates for fixing a rate of interest for 20 years at the low figure I have mentioned.

These bills, as they were called, where the Government accepted the money and paid that small rate of interest, were for a very short period of time, perhaps 30 days or 60 days, or on demand. The bills were not in that sense obligations of the Government. They were not the kind of an obligation of the Government that was referred to in the act, as is shown by the exception that was made, that the board was not to consider the 2 per cent interest on postal bonds.

Mr. WHEELER. I think the Senator is absolutely correct, and I think it is quite clear from the Senator's statement that what these men did was to violate the provisions of the law itself.

Mr. McKELLAR. Of course.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield further to the Senator from Montana?

Mr. McKELLAR. Certainly.

Mr. WHEELER. I think any of these executive boards that come in here and admit that they loan money in viola-



tion of the provisions of law and through means of a subterfuge, instead of being here asking for confirmation, ought to be investigated. In fact, what ought to happen is that they should be impeached. If the Senator will pardon me further—

Mr. McKELLAR. I am glad to yield.

Mr. WHEELER. I think one of the wickedest things that has come to my attention since I have been in the Senate is the way of these men going out and loaning Government money for a 20-year period for one-fourth of a per cent. It is not only wicked, but in my judgment it is unlawful under the provisions of the act and can not be justified. I think the Senator, or whoever brought it to the attention of the Senate, deserves the praise of the Senate. I am surprised that the President of the United States would have the temerity to send the names of these men in and ask that they be confirmed.

Mr. McKELLAR. I understand the President has the record of Mr. O'Connor and that it was not sent in with his nomination. It seems to me if that is true, though I do not know whether it is true or not, that record ought to be sent to the Senate so we might examine it.

I want to propound a question to my friend, suggested to me by something he just said. If Mr. O'Connor was the president of a corporation and secretly loaned a trust fund at any such rate of interest as one-fourth of 1 per cent, and he had given a bond faithfully to carry out his trust, why would he not be liable as a matter of law?

Mr. WHEELER. I would be inclined to think that he would be liable. I would like to ask the Senator whether the Attorney General of the United States was ever asked by the Shipping Board to render an opinion before they loaned this money?

Mr. McKELLAR. No; it seems not. If the Senator will pardon me, I have the facts right before me in reference to that matter and they come next in the statement I am endeavoring to make.

The chairman of the Shipping Board first tried to hold me responsible for these rates because I would not agree to an amendment to some bill that he wanted adopted. When he found that I would not agree to that, he then fell back on the act and said he was compelled by the act to do it. When he found that was not a good excuse, that he did not have to lend the money at any specific rate of interest, but could have waited until such time as he chose to do it, then he fell back on what was called an informal opinion of the Attorney General, and I want to give the facts about that right now.

The Secretary of the Treasury, believing that the rates certified were not in accord with the intent and policies, suggested that the board arrange the loans on the basis of a contract interest rate and thus obtain a reasonable and a substantially uniform rate.

Remember, Mr. O'Connor first said he was bound by the certificate of the Treasury. Instead of that being the case, the Secretary of the Treasury did not approve of that rate and suggested another rate under the law providing for a reasonable rate.

The board explains its abandonment of this suggestion by a legal opinion from the Attorney General, which on its face—by the way, it was just a copy of something. Whether it was a real opinion of the Attorney General nobody knew. On its face it expressly mentions that it is "informal." Assuming it had been a formal opinion, intended as a basis of final action, the fact remains that such judicial or quasi-judicial bodies as the Interstate Commerce Commission and the United States Shipping Board are not, for reasons too obvious for comment, subject to or estopped by rulings or opinions of the Attorney General, hence responsibility can not be transferred to the Department of Justice. Such quasi-judicial bodies are charged with direct interpretation of laws affecting matters in their jurisdiction, subject only to judicial decisions as precedents, and subject to reversal only by the courts when wrong.

I digress long enough to say that Mr. O'Connor first tried to turn it off on me and made a woeful failure. The

Senator from Michigan [Mr. VANDENBERG] gave the facts that show it was a libel upon me for the suggestion to be made. Then Mr. O'Connor undertook to place the blame on the Secretary of the Treasury and we produced his own letter from the Secretary of the Treasury in which the Secretary of the Treasury recommended another course. Then he attempted this subterfuge and that subterfuge, and finally came to the Attorney General and tried to put it on the Department of Justice. That could not be done. Mr. O'Connor had the services of an \$18,000 a year lawyer, reputed to be a very excellent lawyer, receiving more than the Attorney General received. He ought to be a good lawyer. The Attorney General gets \$15,000 a year, while the attorney for the Shipping Board gets \$18,000 a year. Where was the attorney for the Shipping Board when the chairman was about to turn over to these shipping companies \$22,000,000 of money belonging to a sacred trust fund? Where was his opinion? He was as silent as the grave. So far as the record shows he was never asked for an opinion. Yet Mr. O'Connor tried to "pass the buck" to the Department of Justice—first to the legislative branch of the Government and next to the Department of the Treasury and finally to the Attorney General.

Although the opinion previously mentioned is cited by the board in support of the procedure it followed, resulting in these abnormal rates, that opinion deals only with the right of the board to impress a higher rate on the borrower, and does not remotely negative the right of the board to refuse the loan; nor is it inconsistent with the applicant availing himself of the fundamental right of the citizen to waive a provision of civil law for his benefit and to enter into contract obligations accordingly—a basic right which obviously underlaid the recommendation of the Secretary of the Treasury.

Mr. O'Connor took the Dollar Line, which certainly needed no gift from the Government, and made this loan to them. It is one of the wealthiest corporations in the land, yet it received money at these low rates of interest, borrowing enormous sums, getting subsidies of millions of dollars a year from the Government with a bankrupt Federal Treasury. It got the money at these low rates without any complication, and the board counsel never was asked for an opinion. The Dollar Line got that loan secretly; it was disclosed to no one. I would not like to say this was a fraudulent transaction, but it is about as near a fraudulent transaction as I have ever known of not to be one.

Mr. WHEELER. In other words, if it is not fraudulent, it has all the earmarks of being fraudulent.

Mr. McKELLAR. Yes; it has all the earmarks and all the appearances of being fraudulent. It certainly is fraudulent in law whether intended to be fraudulent or not.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Montana?

Mr. McKELLAR. Certainly.

Mr. WHEELER. I rose to say to the Senator that I think the facts he has uncovered here are such that as a matter of fact a further investigation ought to be made into the matter to discover whether or not there was not actual fraud and corruption in the lending of this money to the different shipping companies. I am not blaming the shipping companies for getting the money at as low rates as they could, but it is inconceivable to me that men intrusted with the custody of Government funds should act in the way these men have and loan the money out with such recklessness, without there being something at the bottom of it that has not been disclosed.

Mr. McKELLAR. The poor, drought-stricken farmers down in my State and in various other States are borrowing money at 6 and even 8 per cent, and glad to get it—giving collateral, too, much better than was given here, because the Government loaned to the amount of three-fourths of the value of the ships that were built—not only three-fourths of the value of the ships built but of all the improvements on those ships, including the furnishings, the kitchen ware, the table ware, and I understand that in one case they



furnished three-fourths of the necessary money to build a hotel in a foreign port, and that was loaned at one-fourth of 1 per cent interest.

While the Government is treating these favored corporations in that way, what is it doing to the people to whom it loans money elsewhere? It is charging 6 per cent, and in some cases 8 per cent, and the people are glad to get it. It is indefensible that money should be loaned to these shipping companies at these low rates. I do not see how any Senator believing in a fair deal for his country can vote his approval of an unfaithful officer who would lend this money out secretly. Just remember that. It was never brought to light until the Senator from Michigan [Mr. VANDENBERG] brought it to light through the introduction of an amendment to a bill that endeavored to correct it, and did correct it finally.

Even now the shipping companies get the money cheaper than any other class of our citizens can borrow. They get it at  $3\frac{1}{2}$  per cent, or at the same rate the Government pays for its money. Yet the members of the Shipping Board secretly, behind closed doors, made a contract to loan this money for 20 years at one-fourth or three-eighths of 1 per cent under an illegal interpretation of the law and without even asking their own counsel for an opinion. That should have been the first thing Mr. O'Connor thought of doing as a faithful trustee when he was asked for a loan. The first thing he should have done would have been to call in his lawyer and ask for his opinion, because he had a lawyer whom he was paying \$18,000 a year. But he did not even ask his lawyer for an opinion when he was making this loan of \$22,000,000 of his Government's money under these long-time contracts.

Mr. President, I do not believe I can conclude this afternoon. This is a very important matter. I think it is one of the most important matters that has come before the Senate in the form of confirmation of nominations. I think as a matter of principle and as a matter of right and as a matter of justice the nominee should not be confirmed. I would like to ask the Senator from Oregon [Mr. McNARY] if he can see his way clear to letting it go over until next week, when we can probably finish it in a short time. I will try to make my remarks more concise then and get through quickly.

Mr. McNARY. Mr. President, I have no desire nor has any other Senator to press the able Senator from Tennessee, who has been ill. It probably could be arranged for us to continue the discussion of this matter after 5 o'clock on Monday. How long does the Senator think it will take him to conclude?

Mr. McKELLAR. I do not think it will take me very long to conclude.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. Certainly.

Mr. COPELAND. Would the Senator be willing that I should make some response to what he has said thus far?

Mr. McKELLAR. That would be agreeable if the Senator, before he proceeds, will let me read a letter.

Mr. McNARY. Is it the desire of the Senator from Tennessee to have a vote to-day?

Mr. McKELLAR. Oh, we can not get a vote to-day. That would be impossible.

Mr. McNARY. That question has been propounded to me many times, and I should like to know in order that I may inform Members who may desire to leave the Chamber.

Mr. McKELLAR. It will be impossible to get a vote this afternoon. I know of two or three other Senators who wish to submit some argument in connection with the nomination.

Mr. McNARY. Does the Senator from New York desire to proceed to-day?

Mr. COPELAND. I understand the Senator from Tennessee wishes to read a letter before I proceed.

Mr. McKELLAR. I want to invite the attention of every Senator to this letter. It absolutely disposes of the so-called

certificate from the Treasury Department. It is written by Mr. O'Connor himself to Commissioner Cone and is dated July 7, 1930. This is what Mr. O'Connor says:

In response to a request of Secretary Mellon, I visited his office this afternoon and had a conference with the Secretary, the Assistant Secretary, Mr. Hope, and the solicitor concerning the letter of July 1, which I had written them with regard to the interest rate on construction loans, in which it was suggested that the opinion of the Attorney General be obtained concerning the interpretation of the law as to the "yield" of Government securities.

The Secretary was very sympathetic and anxious to do something to protect the Government against loans at ridiculously low rates of interest.

Here we have the chairman of the commission conferring with the Secretary of the Treasury, and the Secretary of the Treasury saying to the chairman of the committee that these were "ridiculously low rates of interest."

He thought that a request on the Attorney General for an opinion would undoubtedly bring a confirmation of the position which they had taken, notwithstanding they felt that it was not the intention of Congress that money should be loaned at such low rate as results from the position taken in the past.

They suggested—

That is, Mr. Mellon and Mr. Hope—

that the Shipping Board should take the position that 3 per cent would be the rate, and that it be handled as a matter of agreement between the borrower and the Shipping Board, in which event nobody would be allowed to complain.

That is Mr. O'Connor giving the statement of the Secretary of the Treasury. I am glad the Senator from Michigan is present, because he asked the question if the Secretary of the Treasury was not more to blame than the chairman of the board. Here is the Secretary of the Treasury saying that the chairman of the Shipping Board should make a contract rate instead of lending money at a rate of interest which was comparatively nothing.

And in view of the fact—

This is Mr. O'Connor writing—

And in view of the fact that the administrative officers would be a party to loaning money for 20 years at a ridiculously low rate, which loans we were not bound to make at all under the law, that the parties thereto agree to a specific rate.

Here is the chairman of the Shipping Board saying that they did not have to make any loan under the law and the Secretary of the Treasury advised him that the rate ought to be specified by contract. Why did he not do it? Instead of following the advice of the Secretary of the Treasury, instead of following that which Mr. O'Connor himself said was right, he listened to the siren voice of friends who wanted the money at low rates of interest, and he loaned it to them at the expense of the American public.

They also suggested that in such case it would be better for the Shipping Board not to ask for a certification from the Treasury.

They did not have to ask for a certification of the Treasury; there was nothing in the law that obligated them to do so:

They also suggested that in such case it would be better for the Shipping Board not to ask for a certification from the Treasury, but to proceed to fix a rate by agreement between the borrower and the board without such certification.

In other words, they thought that a ruling by the Attorney General would make it all the more difficult to handle the matter in this way, as the Attorney General would undoubtedly sustain the position which the Treasury felt they were forced to take as to the interest under the law.

T. V. O'CONNOR, Chairman.

It was the advice of the Treasury Department, and afterwards the advice of the Department of Justice, in the informal opinion of the Attorney General, that the board had a right to make contract with them, the shipping companies, and ought to do it. Yet he disregarded that advice and continued secretly to make contracts at these ridiculously low rates of interest, costing the American people and the American Government \$22,000,000 on the amounts that were loaned.

It is indefensible. No man should be restored to an office of this kind who has so flagrantly violated his duty to the American people and to the American Government. He is



an unfaithful trustee and his nomination ought not to be confirmed by this body.

I do not know how Senators feel about it; I have talked to practically none of them concerning it, but my own view is that no man who loves his country and wants to see its rights protected, especially at a time like this, would have taken such action. We ought to be careful about placing in office, especially offices to which such tremendous powers are attached, to injure the Government, men who fail to carry out the duties of trustees.

Mr. WHEELER. Mr. President—

Mr. McKELLAR. I yield to the Senator.

Mr. WHEELER. I merely wish to make an observation. While they were drafting the Republican platform in Chicago one thing they ought to have done was to put a plank in the platform praising the services Mr. O'Connor and the other members of the Shipping Board had rendered the country by loaning to shipbuilders money at low rates of interest.

Mr. McKELLAR. Mr. President, I will merely say to the Senator that I feel so keenly that the nominee in this case is not the kind of a man we should confirm as chairman of the Shipping Board that I do not think we ought to look at it from a partisan standpoint. I feel regretful, sir, that any man should have disregarded his duty as Mr. O'Connor has disregarded his. It is very regrettable when any trustee is found to be unfaithful; but the indisputable facts in this record show that he has been an unfaithful trustee; that he has violated the obligations of his office; his nomination ought not to be confirmed, and I hope that it will not be confirmed.

Mr. President, I have not concluded, but I am worn out, and I hope the Senator from New York may now go on, if he desires to do so, and I will continue at another time.

Mr. COPELAND. Mr. President, let me inquire of the Senator from Tennessee if he will be willing that on Monday we conclude this matter?

Mr. McKELLAR. I do not want to make a positive statement about it, but I will do my best. I merely want to put the facts before the Senate and let every Senator vote as he sees fit.

Mr. WALSH of Massachusetts. Mr. President, will there be a vote on this question to-day?

Mr. McKELLAR. There will not be a vote on it to-day.

Mr. COPELAND. There can be no vote to-day, as I understand. I thought I would reply to some extent to what the Senator from Tennessee has said, so that the record might be complete, and then on Monday the Senator from Tennessee will complete his argument.

Mr. McKELLAR. I think there may be others who want to speak; I think there will be, and we must not preclude them; but I promise the Senator from New York that I will hurry the matter along in every way I can.

Mr. WALSH of Massachusetts. I hope the Senator from New York will analyze the objections that have been made and answer them seriatim.

Mr. WAGNER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to his colleague?

Mr. COPELAND. I yield.

Mr. WAGNER. Is it the purpose to continue this discussion on Monday morning or to take some time later in the day for it?

Mr. COPELAND. The Senator from Oregon suggested that at the close of the session on Monday we would have an executive session. There will be no interference with my colleague's bill which is now pending.

Mr. WAGNER. I was going to suggest that perhaps we could agree upon a time when we would vote on this nomination.

Mr. COPELAND. Of course, that is for the Senator from Tennessee to say.

Mr. McKELLAR. Mr. President, there is another Senator who is not now present who I know wants to be heard, and in his absence I could not consent to such an agreement.

Mr. WAGNER. I was speaking as one who is in favor of the nomination.

Mr. COPELAND. Mr. President, I understand; but I am sure there will be time arranged so that it will not interfere with the orderly discussion of the relief bill which, to my mind, is the most important matter before us.

Mr. WAGNER. I thank my colleague.

Mr. COPELAND. Mr. President, I know the sincerity of the Senator from Tennessee. No one in the Senate respects him more highly than do I. Through the many years we have been here together we have seen eye to eye on occasions and have been in opposition to each other on other occasions, but our friendship has been unchanged always and I know it will be, no matter what may be the outcome of this particular issue.

Mr. President, there can be no doubt that the American merchant marine is the pampered child of the United States Government. There is no wonder that it is, and for my part I am glad that it is. When the great World War came on, we found that we had under the United States flag 15 ships in transoceanic traffic. Except for the providence of God, I know not what might have happened when we found it necessary to send the American Expeditionary Forces to Europe. In our harbors were certain German ships, among others the ship now known as the *Leviathan*; that one ship, which belonged to the Germans, carried 275,000 of our boys across to help our allies; and I have no doubt that that act had very much to do with the winning of the war.

The cry during the war was ships, more ships, more ships. That was the demand of our allies; it was the demand of our military leaders; it was the demand of the President and the demand of Congress that ships should be built. As a matter of fact, many ships were built; 2,500 ships were built, aggregating ten and a quarter million tons of shipping. Most of those ships were built hurriedly, hastily, imperfectly. When the war was over, we had and still have hundreds of ships, useless gestures, ships that have no maritime value, ships that have no sale value, ships that have no scrap value.

We organized the Shipping Board, and under it the Fleet Corporation. We set out to establish lines of service between the various ports of the United States and foreign ports. Those lines, to begin with, were operated by the Government—expensively operated. The losses in operation were tremendous, and the appropriations necessarily were enormous.

Every effort has been made to sell the ships acquired by the Government. It was the declared policy of the Jones-White Act that the ships should be disposed of to private parties at the earliest possible moment. That was in the act of 1920, and it was reinforced later by the Jones-White Act.

Many Members of the Senate felt that the cheapest and best way to get rid of these ships was to take them out to sea and sink them. It was a great problem; but the Congress proceeded with the matter, every argument was used and every effort was made to build up an effective American merchant marine. I know the pride I felt in taking part in the proceedings when there was pending here what was known as the Jones-White bill. The Senator from Washington [Mr. JONES] and the now Senator from Maine [Mr. WHITE], then a Member of the House, were the parents of that bill.

It was very soon determined that it was necessary that these various lines of vessels should be reinforced. Some of the ships we had taken over from the Germans and acquired in other ways were growing old. It was not possible to balance these various lines and put them in shape to operate successfully in competition with the ships of nations of the Old World. In the Senate every single thought afterwards written into law was aired and discussed, and conclusions were reached which finally were adopted by almost unanimous vote, and the merchant marine act, the Jones-White Act, became the law.



At that time it was determined that construction loans should be provided. The first appropriation we made, known as the regional fund, was \$125,000,000. It was not intended that in the loaning of this money profit should be had by the Government. It was intended that every effort should be made and every encouragement given to get the operators of the various American lines to build more ships to balance the lines and services which had been established.

Mr. McKELLAR. Mr. President—

Mr. COPELAND. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Senator from New York took part in the passage of that act. The Senator will remember that the purpose of putting in this interest-rate provision was stated on the floor of the Senate in argument—that it was to let the shipping people have the money at the same rate of interest at which the Government got it. I desire to ask the Senator if he ever dreamed that the Shipping Board, under that provision of the law, would lend money at any such ridiculous rates as one-quarter of 1 per cent or three-eighths of 1 per cent.

Mr. COPELAND. In answer to the Senator, I will say that I was not concerned about what the rate of interest would be. I was concerned and helped to write a law which would make certain that the money advanced should be returned. Every safeguard was thrown around the return of the money.

In the first place, not to exceed three-quarters of the cost of the ship was to be loaned by the Government. In other words, we did not go into any fly-by-night transaction. In order to build a \$4,000,000 ship the operators must invest a million dollars of their own money before they had any loan from the Government. Then the rate of interest was fixed by law; and we might just as well refer to that now.

I find that in section 301, Title III, providing for the construction loan fund, the arrangement was made about these loans, first that they should be for 20 years; that the amount loaned should not exceed three-quarters of the cost; and that this sum of \$125,000,000 thus set aside should be known as the construction loan fund. I read from the act:

The board may use such fund to the extent it thinks proper, upon such terms as the board may prescribe, in making loans to aid persons citizens of the United States in the construction by them in private shipyards or navy yards in the United States of vessels of the best and most efficient type for the establishment or maintenance of service on lines deemed desirable or necessary by the board.

Now, I read from subsection (d) of the law relating to these loans:

(d) All such loans shall bear interest at rates as follows, payable not less frequently than annually: During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum.

Now, we come to the matter which has been referred to by my able friend from Tennessee, and I quote from the law:

During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal-savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph.

Mr. President, I do not know what other Senators have in mind. So far as I was personally concerned, I had in mind one thing. That was the upbuilding of the American merchant marine; and this quotation from the law shows what the Congress of the United States, after study and debate, determined should be the rate of interest.

The Senator from Maine has called attention to the sacredness of this particular rate of interest. He has mentioned various farm-loan acts, the farm relief bill, the bill which relieved the farmers of almost everything they had left when it became law. Last week and the first part of this week we had before us Senate bill 4536, a bill to amend the agricultural marketing act, approved June 15, 1929; and on page 11 of this bill, beginning at line 12, I find this language:

There shall be withdrawn from the stabilization fund for any agricultural commodity \* \* \* repayments into the revolving fund of advances made from the revolving fund to the stabilization fund, together with interest on such amounts at a rate of interest per annum equal to the lowest rate of yield (to the nearest one-eighth of 1 per cent of any Government obligation) bearing a date of issue subsequent to the time the advance is made by the board, as certified by the Secretary of the Treasury to the board upon its request.

That is the language that we used in the Jones-White Act. I do not remember who originated the language or wrote the language in the first place; but it seems to have become sacred to our institutions, and was repeated in the farm relief act and was written in a bill which we considered no later than this week. Within a few days' time we proposed to have money returned at a rate of interest which should be "the lowest rate of yield to the nearest one-eighth of 1 per cent of any Government obligation."

That is exactly what happened with reference to the law which we enacted. That was the law.

Under the terms of that law the board entered into contracts. Those contracts were recited in the CONGRESSIONAL RECORD of May 27, 1932. Beginning at page 11370, my distinguished friend from Tennessee had printed a statement of loans by the United States Shipping Board at interest rates lower than 3½ per cent, compiled May, 1932, from official statements of the board by John Nicolson. I find in this list of contracts 32 separate and distinct arrangements made with shipping lines. Now let me speak about them.

The Senator from Tennessee spoke about the loan to the Export Steamship Corporation, No. 4 in this list. If a shipping line desired to make a loan, it applied to the Shipping Board; and the Shipping Board, after a study of the application, determined the merits of the case, the ability of the corporation to repay the money, and particularly the ability of the corporation to operate successfully a line of American ships. After these facts had been determined, the Shipping Board made a contract. That contract was made in accordance with the law; that while the ship was building, before it was documented, as it came from the brain of Jove, full panoplied and perfect in every form, as it were, until it was ready actually to serve the country in inter-oceanic trade, it had to pay 5¼ per cent per annum according to the law. Then, when it was documented, it was the business of the board to apply to the Secretary of the Treasury to find out what should be the rate of interest upon the construction loan. The rate of interest while the ship was in foreign trade was to be fixed by the Secretary of the Treasury.

It was customary, and, indeed, the law, to ask the Secretary of the Treasury for the rate which should be charged on the loan. Mind you, the Shipping Board did not make the rate; the Secretary of the Treasury determined what the rate was to be.

I hold in my hand, for instance, a letter, which happens to be the only one I have in my possession, but there is on file in the Shipping Board a report from the Secretary of the Treasury covering each and every instance where a loan was made.

This is what the Treasury Department wrote to the Shipping Board with reference to one particular transaction:

HON. T. V. O'CONNOR,

Chairman United States Shipping Board,

Washington, D. C.:

In compliance with telephone request of Mr. Fitch to-day, I hereby certify that the interest rate as of April 1, 1930, for loans by the board from the construction loan fund pursuant to the provisions of subsection (d) of section 11 of the merchant marine act of 1920, as amended by the act of May 22, 1928, is 2¼ per cent per annum, interest payable semiannually.

This rate is the lowest rate of yield (to the nearest one-eighth of 1 per cent), of any obligation of the Government bearing date of issue subsequent to April 6, 1917 (except Postal Savings bonds), and outstanding on March 31, 1930. The particular obligations concerned are the 4½ per cent Treasury certificates of Series TM 1930, which on March 31, 1930, were quoted at 100½ to 100¾, giving a yield rate as computed by the Government actuary of 2.756 per cent.

By direction of the Secretary,

Respectfully,

WALTER E. HOPE,  
Assistant Secretary.



Mr. President, in every instance the Secretary of the Treasury certified to the Shipping Board how much the rate should be.

Mr. WHITE. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from New York yield to the Senator from Maine?

Mr. COPELAND. I yield.

Mr. WHITE. May I call attention to the fact that that certificate is the first one from the Treasury Department which fixed a rate less than 3 per cent, and that it was immediately thereafter that the matter of the rate was taken up in the Shipping Board, and immediately thereafter the Senator from Michigan [Mr. VANDENBERG] introduced his amendment fixing a minimum of  $3\frac{1}{2}$  per cent, which legislation had the approval of the Shipping Board.

Mr. COPELAND. I thank the Senator. He has stated the facts.

Mr. President, I am not going to evade the suggestion made by my friend the Senator from Tennessee where he asked as to why they did not get busy on this matter before. I shall come to that, and I speak of it now to notify the Senate of my intention.

I am a member of the Committee on Commerce, and have been for a great many years. There came to us from the House on the 6th of January, 1930, House bill 7998. That was a bill to amend subsection (d) of section 11, the very subsection to which I have just made reference. The bill came to us from the House with the same language in it which I have quoted as having been found in the act of 1928 with reference to loans, that is, that it should be the lowest rate of yield, to the nearest one-eighth of 1 per cent, of any obligation bearing date of issue subsequent to April 6, 1917.

Mr. McKELLAR. Mr. President, is that the bill in which the Senator from Michigan afterwards changed the rate of interest?

Mr. COPELAND. It is, and of that I shall speak now in some detail.

Mr. McKELLAR. I want to call the Senator's attention to the fact, while he speaks of that, that when the matter first came up, Mr. O'Connor said that the Shipping Board had caused a change in the interest rate in the House bill, which had been introduced at their request.

Mr. COPELAND. I thank the Senator. I want to have the record perfectly clear. I do not want to evade anything. I want the Senate to have the exact facts.

This bill passed the House on February 28, 1930.

Mr. McKELLAR. What is the number of the bill?

Mr. COPELAND. It is House bill 7998. On the legislative day of January 6, but the calendar day of March 1, 1930, it was referred to the Committee on Commerce.

The bill received the very earnest attention of the Committee on Commerce, and the Senator from Michigan [Mr. VANDENBERG] called attention to the extremely low rate rewritten into this bill from the merchant marine act of 1928. He impressed his views upon the committee, and communicated with the Shipping Board, and finally offered an amendment, which was accepted by the committee, striking out the language found in lines 7 to 14, inclusive, which language was a repetition of the language found in the law of 1928, and in place of it used this language, "as fixed by the board, but not less than  $3\frac{1}{2}$  per cent per annum," so that it would read:

During the period in which a vessel is being constructed, equipped, reconditioned, remodeled, or improved, and/or during any period in which such vessel is operated in foreign trade, the rate shall be as fixed by the board, but not less than  $3\frac{1}{2}$  per cent per annum.

Mr. President, when this bill was pending in the Senate, on my motion an amendment was accepted to the effect that this should apply to "contracts hereafter made." I speak of that because from time to time in his able address to-day the Senator from Tennessee referred to contracts apparently made after the enactment of this legislation, but the law as it finally passed related only to contracts made after the enactment of the law.

I am going now to make reference to the history of the bill to which I referred a moment ago, House bill 7998; I want to make reference to the senatorial history of that bill, and I do not do this to be disagreeable, but I want the RECORD to show the facts.

The Senator from Michigan [Mr. VANDENBERG], from the Committee on Commerce, on the 21st of April, the calendar day of April 24, 1930, reported the bill from the committee, and it went upon the calendar, where it was known as Calendar No. 520, and for the sake of the RECORD, in case somebody wants to know, it was in the Seventy-first Congress, second session, and the report is No. 522.

In all good fellowship, I want the RECORD to show what happened to that bill. The Bible tells us that Job said, "Oh, that mine adversary had written a book." Of course there is no particular application of that, but the RECORD is wonderful in sometimes calling attention to our shortcomings.

This bill (H. R. 7998) to amend subsection (d) of section 11 was called up on the 12th of May, 1930. I quote now from page 8758 of the RECORD:

Mr. McNARY. Mr. President, it is my purpose to object to the present consideration of the bill.

Mr. McKELLAR. Yes; I want to object to it, too.

Mr. McKELLAR. In order that the record may be complete let me read from page 8758 of the RECORD of the same day, May 12, 1930. The Senator from New York asked that the bill be recommitted. He stated, and I quote from the RECORD:

This bill is one which met with unanimous opposition among shipping men in my section of the country and, I understand, elsewhere. My own inclination would be to have the bill recommitted to the committee.

I am glad to have my record presented, and I am just as glad to have the Senator's position noted at the same time.

Mr. COPELAND. It is only fair that it should be. Now, let us have the record entirely complete.

Mr. McKELLAR. All right; I have it here, too.

Mr. COPELAND. I read from page 8758 of the CONGRESSIONAL RECORD of May 12, 1930:

Mr. COPELAND. Mr. President, I find that among the amendments offered to this bill is one which met unanimous opposition among shipping men in my section of the country and, I understand, elsewhere. My own inclination would be to have the bill recommitted to the committee.

Mr. McNARY. Mr. President, it is my purpose to object to the present consideration of the bill.

Mr. McKELLAR. Yes; I want to object to it, too.

Mr. COPELAND. Mr. President, if the Senators will withhold their objection for a moment, I wish to ask unanimous consent that the bill be recommitted because there are certain steamship lines which should be heard before the bill is placed upon its passage. I do not know whether that is agreeable to the Senator from Oregon or not, but, in my opinion, that is what should be done.

Objection was made and the bill was not acted upon that day. My objection to the bill, which I voiced there, was founded upon the fact that the contracts had been made, arrangements had been made for funds, and the shipping lines did not wish to have a retroactive law. Later the objection which I had to the bill, which was that it ought not to apply to contracts already made, was cured in the Senate by the adoption of the amendment which I proposed that it should not apply to contracts already made.

Now I must be very careful to get the record complete.

Mr. McKELLAR. The Senator will find the next date when it was brought up was June 2, 1930, at page 9856 of the RECORD.

Mr. COPELAND. That is correct. I am glad the Senator is so accurate. At the point indicated by the Senator from Tennessee I find the following:

The bill (H. R. 7998) to amend subsection (d) of section 11 of the merchant marine act of June 5, 1920, as amended by section 301 of the merchant marine act of May 22, 1928, was announced as next in order.

Mr. COPELAND. Mr. President—

The PRESIDENT pro tempore. The bill has heretofore been considered and the amendments have been agreed to.

Mr. COPELAND. Mr. President, we now have before us the bill proposing to amend the merchant marine act. I have discussed



with the junior Senator from Michigan [Mr. VANDENBERG] a proposed amendment. Is he prepared to offer the amendment now?

Mr. VANDENBERG. I have no objection to the amendment suggested to me in personal conversation with the Senator from New York, if he refers to the amendment which would still leave a fixed minimum interest rate, but which would restore the proposal that the loans shall be made under a fixed rule by the board. Is that what the Senator from New York has in mind?

Mr. COPELAND. Yes.

Mr. McKELLAR. Mr. President, this is a very important bill, and I ask that it may go over.

Mr. VANDENBERG. I think the bill might just as well go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. McKELLAR. Now, if the Senator will turn to a later date, December 15, 1930, when it was brought up again, he will find that between June 2 and December 15, when that bill went over from one session to the other, there were but two loans made by the Shipping Board. They were not made under this interest provision, but were made under a contract rate at 3 per cent, as the board had a right to do. Certainly no harm was done by letting the matter go over. As a matter of fact, it seems to have been rather the unanimous opinion of the Senator from New York, the Senator from Michigan, and the Senator from Tennessee, myself, that under the circumstances it ought to go over, and it did go over.

Mr. COPELAND. At any rate, it went over, and it was the objection of the Senator from Tennessee that put it over.

Mr. McKELLAR. Oh, no; it was just as much the objection of the Senator from New York and very much more the objection of the Senator from Michigan, because he had the bill in charge. I do not know whether he just yielded to the Senator's pleadings, or possibly to my pleadings, but anyhow we were all three agreed, and I do not see how the kettle can call the pot black under these circumstances, when all three of us agreed to it.

Mr. VANDENBERG. Mr. President, I was neither the pot nor the kettle!

Mr. McKELLAR. I agree to that; because I think if anybody should be called that it should be the Senator from New York and myself.

Mr. WHITE. Mr. President, may I inquire if this is a case of all three of the Senators being "partners in crime"?

Mr. McKELLAR. No; I think we were partners in a very just desire to get rid of a rate of interest or a provision in the law that ought never to have been in the law for any purpose whatsoever.

Mr. COPELAND. Mr. President, as one of the "kitchen utensils" I desire to observe in this connection that on the 2d of June this bill should have passed—certainly from my standpoint it should have passed because I was satisfied. I was not interested in the interest rate. I was in the fullest accord with that change and I think we owe a great debt to the Senator from Michigan [Mr. VANDENBERG] for it. I was in fullest accord with that change, but my objection, which was that it should not apply to contracts already made, was answered so I wanted the bill to pass.

Mr. McKELLAR. The Senator is mistaken in his recollection. Let me read the Senator's statement made on that same day:

Mr. COPELAND. I suggest to the Senator from Michigan that he perfect the bill with all the amendments which have been agreed to except the pending amendment.

The PRESIDING OFFICER. The Chair will state that the amendment of the Senator from Tennessee is not pending—

I did not even have an amendment pending to the bill. It has not yet been offered.

Mr. COPELAND. I have not reached that date yet.

Mr. McKELLAR. I expect I anticipated the Senator.

Mr. COPELAND. The Senator has thrown his kitchen utensil out of the window before its time. I want to refer a little more to June 2. The bill should have passed on the 2d of June, and it would have passed except for the objection of the Senator from Tennessee.

Mr. McKELLAR. And the Senator from New York and the Senator from Michigan.

Mr. COPELAND. The Senator from Michigan can speak for himself. When he said "I think the bill might just as well go over," he no doubt knew the Senator from Tennessee so well that he believed it might as well go over because the Senator from Tennessee was against it.

Now, we come to the next date, which the Senator from Tennessee has anticipated, December 15, 1930. We can not blame the Senator from Tennessee for this unless he was responsible for the act of his agent. On the request of the Senator from New Mexico [Mr. BRATTON], who was in sympathy with the purposes of the bill, but unwilling to have it passed in the absence of the Senator from Tennessee, he raised the objection and the bill went over.

Now, we come to January 13, 1931. Am I right in that?

Mr. McKELLAR. No; the Senator omitted to say that the very next day the bill came up.

Mr. COPELAND. The next day?

Mr. McKELLAR. Indeed, after the Senator from New Mexico [Mr. BRATTON] had objected on my behalf—I came into the Chamber later—it seems, and the request for the consideration of the bill was renewed and then the bill went over. On the very next day, December 16—

Mr. COPELAND. Just a moment, so we may have the record straight. The Senator calls attention to page 605 of the RECORD, where Mr. McKELLAR said:

I desire to offer an amendment to the bill.

Mr. McKELLAR. Yes; and the RECORD shows the following:

Mr. McKELLAR. Mr. President, I desire to offer an amendment to the bill.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

Mr. HOWELL. I ask for the regular order.

Thereupon the bill went over. The very next day, as shown at page 788 of the RECORD, the Senator from Michigan [Mr. VANDENBERG] did not call up the bill, but placed in the RECORD a letter from Secretary Mellon to Chairman O'Connor, and said:

I apprehend that the theory of the Jones-White law was that the Government should loan its credit to the new American merchant marine at cost; which is to say, without profit or loss. But the existing arrangement spells inevitable loss. Our average cost of public money over the years is about 3½ per cent. On every million dollars loaned at 1.7 per cent for 20 years, the loss to the Government in that period is \$360,000. Inasmuch as the loans are large, the loss also will be large.

When I called this situation to the attention of the Shipping Board several months ago the board promptly recognized the jeopardy. It joined me in the demand for relief. The pending bill, recommended by the Commerce Committee, resulted.

Mr. COPELAND. That is right. Now, to continue the record, I come to January 13, 1931. That is about a year after the bill was first introduced in the House. I find this astonishing statement at page 2067 of the RECORD. The bill was before the Senate at the time:

Mr. McKELLAR. Mr. President, if the Senator will yield to me, I just want to say that I have never at any time interposed any objection to his bill.

Mr. McKELLAR. Read on now.

Mr. VANDENBERG. That is correct.

I just want to keep the record straight. I am quoting from the same RECORD.

Mr. COPELAND. I know the Senator is; but I think the Senator from Michigan was in rather a kindly mood that day.

Mr. McKELLAR. He always is.

Mr. COPELAND. Yes; he is.

Mr. McKELLAR. Before the Senator leaves that, will he let me quote just a little bit more from the RECORD? I read from the same page of the RECORD:

Mr. McKELLAR. Mr. President, if the Senator will yield to me, I just want to say that I have never at any time interposed any objection to his bill.

Mr. VANDENBERG. That is correct.

Mr. McKELLAR. What I did was to propose an amendment, which has been pending for probably nearly a year, and the Senator felt that he could not accept that amendment. I think the Senator's bill ought to pass. I have always told him that.



I think there is a condition which ought to be corrected, and which ought to be corrected right away, and that view has led me to withdraw my amendment.

I am not expressing any discontent with my amendment; I would very much prefer that the Senator should accept it and that it should be adopted, but I understand the legislative situation, and I am making no complaint of the Senator about that. I think his bill ought to pass, and I hope it will pass as soon as possible.

Mr. VANDENBERG. The Senator correctly states his position, as I understand it.

Mr. ROBINSON of Arkansas. Mr. President, the Senate committee apparently proposed a number of amendments to the bill.

Mr. VANDENBERG. I may say to the Senator that the bill as it came to us from the House—

And so forth.

Mr. COPELAND. Mr. President, without any malice or desire to be disagreeable, the fact remains that in his enthusiasm to have enacted into law a prohibition against loans to shipping lines flying foreign flags, the Senator from Tennessee made use of this vehicle time after time so that the passage of the bill was delayed by his intervention. I say that in all kindness and we will leave it at that.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Is it the Senator's desire to continue the discussion this evening or would he prefer to conclude his remarks on another day?

Mr. COPELAND. I will conclude in a few moments. I merely wish to say a few more words in closing, because I have no right to keep Senators here.

Mr. O'Connor has been a member of the board for a good many years. He comes from my State; and six years ago President Coolidge did me the honor to discuss with me the question of his reappointment. Within an hour after that discussion Mr. O'Connor's name was sent to the Senate. By the very nature of my position as a Senator from New York, a State which has the greatest port in the world, the center of the operations of the American merchant marine, it has been my business to acquaint myself with the activities of the Shipping Board, and, so far as I could, to further the welfare of American shipping.

During the years I have been in the Senate—about 10 years—I have had constant contact with the Shipping Board. Without criticism of the men now upon the board, or who have been upon the board, there have been dissensions in the board. Almost beyond the memory of man there have been two groups, two cliques, in the board. I do not undertake to say why; I do not know why; but they have existed. For most of the time certainly Mr. O'Connor has been in the minority group. I have felt at times that there were jealousies. I am speaking about a long time ago now, because I do not want to reflect upon the men who are now serving on the board. I can not undertake to analyze the reasons or to diagnose the case as regards the conditions existing in the board, but there has been that division. Mr. O'Connor, as I have said, has been almost invariably in the minority. He has had the cordial and loyal support of the President of the United States, no matter who that President might be. He has served now, if my memory is correct, under three Presidents. I have not observed anything in his personal or official conduct that would lead me to doubt him in the least. I think he is an honest man. There have been many times when I was out of sympathy with a policy which he contended for, but I thought all the time that he knew more about it than I did.

Mr. President, as a last word to-day—I hope to speak again upon the matter on Monday—let me say that if there is one man on the board who has fought the fight for higher interest rates, that man has been T. V. O'Connor. I do not care whether he may have been stimulated to do that. Any one of us in official life knows that from time to time he has to be jogged a little bit from policies which he has followed

for a long time. We have to have called to our attention the significance of things which we have come to disregard. If one goes into a household, I do not care where it is, he is likely to say, "For Heaven's sake, why do you not hang this picture over there or put that piece of furniture over here?" But we become accustomed to things as they are. It may be that during all these years, and I think it to be a fact, it was felt that the board was carrying out exactly what it thought to be the law; and it was the law. But whether stimulated by the Senator from Michigan [Mr. VANDENBERG] and others when this matter was brought to their attention, who was the man who rose at once; who was the man who dealt vigorously with the question? It was the chairman of the board, Mr. O'Connor. He was not a member of the finance committee of the board; Admiral Cone and Mr. Denton were those men; but he demanded that there should be found a way to deal more effectively with the question of interest rates.

On Monday, if it shall be necessary, I shall show that there was a conference held in the office of the Secretary of the Treasury where there was discussed how they might arrange this matter of interest, regardless of what the letter of the law might be, and where it was decided that by contract, when the first loan was made or the agreement to make it was made, they might say then what the rate should be, and not the low rate provided for by the law but a rate sufficient to provide for the ordinary return upon money.

Mr. President, I say that Mr. O'Connor is worthy of his high office; he has not been found guilty of one charge of dereliction; in my opinion, his nomination should be confirmed, and he should be allowed to continue his useful service to his country as chairman of the Shipping Board.

#### PUBLIC-WORKS PROGRAM—ADDITIONAL AMENDMENTS

The Senate resumed its legislative session.

Mr. BULKLEY submitted three amendments intended to be proposed by him to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which were ordered to lie on the table and to be printed.

#### CONDUCT OF VETERANS IN WASHINGTON

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in today's Washington Times written by Elsie Robinson. It contains a thought worth reading.

There being no objection, the article was ordered to lie on the table and be printed in the RECORD, as follows:

GRIM, STANCH, THEY BEAR IT MANFULLY—COMMANDER'S ELOQUENT PLEA FORESTALLS ANY ATTEMPT AT DEMONSTRATION

By Elsie Robinson

Terror poured itself into Washington yesterday. Dragged its soundless horror through the lovely avenues—Sprawled its cold shadow across the flower-filled parks—Crawled and slithered around the stately mansions—Oozed across the guarded threshold of the White House—Wrapt its icy coils, tight and tighter, about the Capitol itself. Terror, of a kind it has never known before, gripped Washington. And then a wonder incredible—never to be forgotten! The Capitol—velvety acres before it, dark trees massed against a fragile sky. Vast, white steps rising tier upon tier, endlessly, up and up and up to the proud, pillared portico.

#### DARKENED GROUPS

All gleaming white and flashing gold and glimmering blue, that splendid scene. But a small darkness began to trickle and gather and clot upon the face of that radiance.

A darkness of men—

Ragged men, their ribs protruding through their tattered shirts—

Limping men, their scarred feet shuffling in broken shoes—

Desperate men, with eyes curiously blank, as though they had seen too much agony to register anything ever again.

The bonus marchers were on the move.

They were coming up to the Capitol to hear what the Senate voted about their bill.

Coming up by ones and twos, in groups and squads—in hundreds and thousands, out of the garbage dumps and littered wastes where a grateful Nation has housed them for the last two weeks.

Coming very quietly, looking neither to right nor left.

But the terror spread as they came.



What would they do, these men with the long, sloughing stride, the battered, fighting faces? What frightfulness would happen when they heard—as hear they must—that the Senators had beaten their bill?

#### THE COMMANDER

Eight o'clock. Very dark now. Arc lights on with the waiting faces green disks beneath them. Booming flash lights. Crackling silence. Some one started the Marine Band to playing, nervously.

And now—

The police are beginning to close in, down all the corridors, are moving up and down the boulevard. But none of them are in with the men. In one great block of darkness they sit alone. Above them the brilliant arcs turning its crimson into bars of blood floats their great flag.

And now—

There is a sudden movement under the portico. The crowd of waiting reporters and spectators parts and a man hurries through. Standing beneath the flag, face gutted with fatigue, the young commander waits. So briefly it comes—that smashing of 20,000 dreams.

"They've licked it."

The listening face seems to waver for a second, the clenched fists steady themselves against the swaying thighs. Then, saber swift, he answers:

"Tell them we are disappointed but not discouraged. This will not make a particle of difference in our plans. We shall stay and we shall win! And this act, instead of disheartening us, will serve a good purpose, for it will make the Nation understand that the men who are supposed to represent the common man are not fit for their great duty."

A spit handful of words, then he wheeled, leaped down the steps into the glare of the arc, and faced the men.

#### BUT NOT DEFEAT

Faced them and told them quickly that the bill was killed. Here was a failure but not defeat.

A gasp—the whole mass rose—but still he held them. Held them with a challenge. He cried:

"They've shown their stuff; now show yours."

"Take it on the chin! They've said you'd riot. They'll be justified and excused if you riot. You've held yourself steady through all the days; you've made the whole Nation believe in you in spite of everything they could say against you. Justify this Nation's faith."

"You aren't going home, but you are going back to that camp. Get up! Don't look back. Walk down these steps and form in line, and as you go sing 'America'!"

#### PAYMENT OF WAR DEBTS TO THE UNITED STATES

Mr. SCHALL. Mr. President, I ask unanimous consent to have inserted in the RECORD two news items that appeared in the Washington Herald on June 17, 1932, and in the Washington Times on June 19, 1932, in the form of a suggestion to the United States coming from the Lausanne conference that we should aid Europe settle her troubles, which means in effect that we should cancel her debts to us.

The news item is similar to many others that have been circulated in this country for several years, all calculated to confuse the public mind about the status of Europe's debts to us.

During the war we loaned England \$4,715,000,000; France, \$4,400,000,000; Italy, \$2,150,000,000, and other nations, 12 in all, smaller amounts. We made separate arrangements with each country how this money was to be repaid. America issued bonds and sold them to the American people to raise this money and agreed to pay these bonds when due and agreed to pay an average of 4 per cent or more in interest until they are paid in full.

At no time when these loans were negotiated was it understood that the foreign countries were not to repay us, that repayment depended on German reparations, or that there were any conditions attached to the repayment of them. Europe was anxious and glad to get help from us to maintain her credit to carry on the war, to rebuild afterwards.

When the war was over, our foreign creditors hesitated to begin repayment; delayed in the matter of refunding the debts in the form of bonds as they agreed to do. They intimated that we had not done our duty, as we did not enter the war sooner; we had stayed out at their expense and thereby caused heavier burdens to rest on them. This argument was freely advanced.

Then they argued that we should enter into negotiations tending toward debt adjustments. The European nations had loaned each other money with which to buy war material from each other. For instance, France bought goods from England for which England extended France credit.

England bought goods from France for which France extended England credit. Likewise, Italy bought goods from each of these nations and for which each of them extended Italy credit, and they in turn bought goods from Italy for which Italy gave them credit and so on among each of our Allies.

Those nations met and agreed to offset each others' debts and to pay cash or with bonds for any difference that any of them owed the others.

However, it is manifestly unfair to the United States to include us in any such arrangements. We paid cash for our soldiers over there, for our ships to transport them in, for materials we bought for them, for transportation to the front to fight their battles, in short for everything we got from them for which we agreed to pay them, we paid in cash. Hence, there could be no debts to offset in so far as we were concerned. Any arguments to that effect are false propaganda tending to hurt us and to confuse the public mind to cause it to demand that we recede from demanding our just dues and prejudice our rights to collect from them.

The foreign countries demanded reparations from Germany which they compelled her to pay and which she is still obligated to pay. We got none. We had no part in any war-debt negotiations. Nevertheless Europe has circulated falsehoods to the effect that it is the fault of the United States that Germany has to pay reparations; that were it not for the fact that we demand payments from our allies, they would not demand reparations from Germany. The result is all of Europe now brands us as Uncle Snylock and Uncle Sham, after we loaned them money for the war, for their reconstruction period to help them on their feet, and for every purpose for which they needed credit.

While this propaganda has been going on the United States agreed to settle her debts with Europe, dealing with each nation separately, and settled as follows: England owed us \$4,715,000,000; we canceled the principal and agreed to take 3.7 per cent interest for a period of 62 years. France owed us \$4,400,000,000; we canceled the principal and agreed to take 2.17 per cent interest for a period of 62 years. Italy owed us \$2,150,000,000; we canceled the principal and agreed to take 1.1 per cent interest for a period of 62 years. As a total from all our allies we agreed to cancel the principal and to take in return approximately 2 per cent interest for a period of 62 years.

This settlement is most fair to our allies; in fact, grossly unfair to our country in view of the fact that not only do we pay 4 per cent interest on this same principal money which we loaned them to our American bondholders but as the bonds mature we have to pay the principal as well. Our country had to borrow the money it loaned Europe from our citizens and has to repay them whether it collects from Europe or not. No wonder we complain about being in financial straits and unable to pay our own soldiers a bonus.

None of this small settlement has been paid as yet. Instead of paying it our former allies set up further propaganda to cancel this interest also. They plead poverty and distress and tell Germany that she will have to pay her war reparations now that America demands her money. In fact, on this very day Premier Herriot, of France, has demanded of Germany that she pay her war reparations.

Europe, more especially France and England, is anxious to becloud this issue to prevent its debtors from knowing the true facts. They have large sums of money outstanding due to them which they would not want their debtors to demand cancellation on. Hence they are anxious to befuddle the public mind as to the money they owe us so as not to cause their debtors to ask for cancellation. For this reason they are willing to sacrifice our friendship and our influence in order that they may the better gain this end of cancellation in behalf of themselves and their creditors and yet not cause their own debtors to demand similar privileges.

America should demand payment of this small and insignificant debt. Europe ought to pay and can pay.



There being no objection, the articles were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

[From Washington Times of June 18, 1932]

**FRENCH PRAISE HERRIOT STAND AT LAUSANNE—OPPOSITION TO CANCELLATION OF GERMAN DEBT HELD VITAL ATTITUDE**

PARIS, June 18.—Premier Herriot, returning from Lausanne to-day to preside over a session of the French Cabinet, finds almost universal approval here for the stand he took at the reparations conference yesterday against immediate cancellation of Germany's war-debt obligations.

He will return to Lausanne Monday for resumption of the discussions with representatives of Great Britain, Italy, Belgium, Germany, and Japan, carrying the complete confidence of his ministers and the majority of the chamber of deputies.

It was Herriot's first encounter with spokesmen for the other great powers. Even his opponents of the extreme right conceded he had acquitted himself well in upholding the French thesis that complete cancellation of German reparation payments at this time, without a corresponding concession on the part of the United States, would shortly put Germany in economic leadership of the powers of Europe.

Despite reiterated statements from Washington to the contrary, the French press still clings to the belief that the United States Government is preparing to make a grand debt-cancellation gesture in the near future.

BERLIN, June 18.—Virtually ignoring the new "indeterminate moratorium" granted Germany on all reparation payments by the "big five" of the Lausanne conference yesterday, the German press to-day almost unanimously attacked Premier Herriot, of France, for blocking the Reich's demands for complete cancellation.

[From the Washington Herald of June 17, 1932]

**DEBT DELEGATES AGREE ON EXTENSION FOR REICH**

LAUSANNE, June 16.—A majority of the delegates to the Lausanne conference were understood to-night to have agreed to offer a project for suspension of the next reparations payment by Germany.

The project will be in the form of a resolution to be presented to-morrow at a private session of the conference, which Prime Minister J. Ramsay MacDonald opened to-day with a warning that speed is necessary to avert a catastrophe.

The delegates were said to have initialed the agreement to present the suspension project, which does not set a specific date for the termination of the period of suspension.

The resolution will provide for suspension until the conference has reached a decision affecting future payments. The next reparations transfer to the Bank for International Settlements is due July 15, after the expiration of the Hoover moratorium year.

LAUSANNE, June 16.—Prime Minister J. Ramsay MacDonald, of Great Britain, opening the Lausanne reparations conference as president, to-day deftly deposited Europe's economic troubles in Washington's lap and arranged a compromise likely to stave off Germany's demand for complete cancellation of reparations.

The compromise, acceptable to Premier Edouard Herriot, of France, proposes that Germany will hereafter not be forced to continue payments on the "nonpostponable" portion of annuities to the Bank for International Settlements, which payments have been reloaned to the Reich.

Britain's Premier is expected to offer the proposal at to-morrow's secret meeting of the "Big Six," when Chancellor von Papen is expected to demand cancellation.

MacDonald, at the opening session to-day, bluntly implied Europe can not settle her troubles without aid from Washington.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. AYRES, Mr. OLIVER of Alabama, Mr. DOUGLAS of Arizona, Mr. FRENCH, and Mr. TABER were appointed managers on the part of the House at the conference.

#### RECESS

Mr. VANDENBERG. I move that the Senate take a recess until 11 o'clock Monday morning.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until Monday, June 20, 1932, at 11 o'clock a. m.

#### NOMINATIONS

*Executive nominations received by the Senate June 18 (legislative day of June 15), 1932*

#### PROMOTIONS IN THE REGULAR ARMY

##### To be colonel

Lieut. Col. Otis Robert Cole, Infantry, from June 8, 1932.

##### To be lieutenant colonel

Maj. Emile Victor Cutrer, Infantry, from June 8, 1932.

##### To be major

Capt. Henry John Schroeder, Signal Corps, from June 8, 1932.

##### To be captain

First Lieut. John Augustus Barksdale, Quartermaster Corps, from June 8, 1932.

##### To be first lieutenant

Second Lieut. George John Zimmerman, Corps of Engineers, from June 8, 1932.

#### MEDICAL CORPS

##### To be captain

First Lieut. Clarence Woodson Hardy, Medical Corps, from June 15, 1932.

## HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 18, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou in whom are the sources of universal power and in whom there is compassion forever, hear us as we pray and forgive our sins. We thank Thee that Thy providence never grows weary. Open Thou, blessed Father, the secrets of Thy nature and teach us how to live in the light of the very best intelligence. Gather us all together in the bonds of sympathy and common desire, that we may labor conscientiously for the good and the honor of our country. Take it into Thy care and under Thy direction; lift up the lowly, cleanse the impure, and enlighten the ignorant. Unto all who find the yoke heavy, lighten the burden; may even dull realities be a blessing to us. Let Thy guidance to-day be a token of Thy goodness and as an evidence of our worthiness. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### SENATE ENROLLED BILL SIGNED

The SPEAKER pro tempore announced his signature to an enrolled bill of the Senate of the following title:

S. 1525. An act forbidding the transportation of any person in interstate or foreign commerce, kidnaped or otherwise unlawfully detained, and making such act a felony.

#### WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER pro tempore. The gentleman from Mississippi asks unanimous consent to take from the Speaker's table the War Department appropriation bill, disagree to all of the Senate amendments, and ask for a conference. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. COLLINS, Mr. WRIGHT, Mr. PARKS, Mr. BARBOUR, and Mr. CLAGUE.

#### POSTAL EXPENDITURES

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert therein a brief letter from the Post Office Department.